FINANCIAL TIMES

World Business Newspaper

MONDAY MARCH 18 1996

Start the week with...

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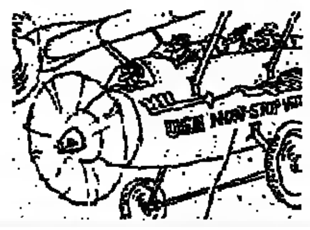


Business travel
The ethics of inducements
Amon Cohen, Page 12

Sport
A most unusual track star
Keith Wheatley, Page 12

Scania sale could raise up to $2.75bn for Wallenberg

Sweden's Wallenberg industrial empire aims to earn SKr15.5bn-SKr18.5bn ($2.29bn-$2.75bn) from the sale of a 50 per cent holding in truckmaker Scania in one of the biggest stock market flotations of its kind. The company will be listed on the Stockholm bourse and will become the first Swedish company traded on the New York Stock Exchange. Page 17

Germans threaten building strike: German building workers threatened to call the country's first nationwide construction strike after the failure of talks over the introduction of a minimum wage to reduce the use of cheap foreign labour. Page 16

Hoechst in deal with OMV: Hoechst will soon unveil a joint venture with Austrian oil refiner OMV that will pnt the German chemicals company among Europe's leading plastics producers. Page 17

Pacific Rim seeks stable exchange rates: Finance ministers of Pacific Rim countries called on the region's governments to pursue sound economic policies in an attempt to ensure exchange rate stability and continued growth. Page 16

South China Morning Post may raise offer: South China Morning Post, publisher of Hong Kong's leading English language daily newspaper, is considering e cash component or an increased offer in its bid for control of media and property group TVE. Page 17

CNP considers direct sales: Caisse Nationale de Prevoyance, France's largest life assurance group, is considering hiring its own team of agents to sell its policies. Page 17; Royal Belge in insurance deal with Post Office, Page 18

Mexico changes sale guidelines: Mexico decided to restrict foreign participation in the privatisation of its petrochemical industry. Page 19

SBC Warburg remains top adviser: SBC Warburg remains London's leading financial adviser, Crawford's *Directory of City Connections* says, but Warburg has been forced to share some of its most valuable clients with competitors. Page 17

Heineken 10% ahead: Dutch brewery group Heineken shrugged off the guilder's strength to report a 10.1 per cent increase in annual net profits in 1995 to to Fl 664m ($403m). Page 18

600,000 pay to see title fight: British Sky Broadcasting said more than 600,000 UK homes paid to see the Tyson-Bruno fight broadcast from Las Vegas. Tyson won in the third round. Page 6

Sri Lanka take Cricket World Cup: Sri Lankan wicket keeper Romesh Kaluwitharana (above) fails to stump Australian batsman Michael Bevan during the Cricket World Cup final in Lahore, Pakistan. Sri Lanka went on to win the championship by seven wickets, helped by an unbeaten century by Aravinda de Silva.

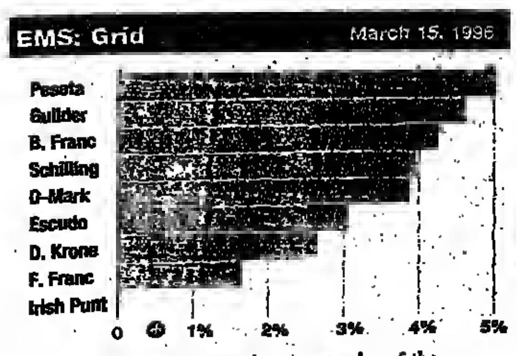
West to spread EBRD payments: Western governments, facing a request to double the capital of the European Bank for Reconstruction and Development to Ecu20bn ($25bn), are planning to spread payments over 13 years. Page 3

Worldwide accounts plan ahead of time: An agreement which could allow multinational companies to use one set of accounts on all the world's leading stock markets is set for implementation in 1998, a year earlier than planned. Page 4

Croats and Moslems 'still at odds': Kresimir Zubak, the leader of Bosnia's fragile Croat-Moslem federation, said the two communities were still at odds, and might need up to four more years to settle their differences. Page 3

European Monetary System: With currency markets extremely quiet at present, there was no change last week to the order of currencies in the EMS grid, and negligible change to the range between strongest and weakest. The Bundesbank left German interest rates unchanged, with the repo rate fixed at 3.3 per cent for a further two weeks. Currencies, Page 25

EMS: Grid — March 15, 1996



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies can fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a narrow 2.25 per cent band.

Beijing tells Washington to keep navy away from military exercises

China warns US over Taiwan

By Tony Walker in Beijing

China warned the US yesterday to keep its navy out of the Taiwan Strait, in its most explicit statement to stay clear of waters between Taiwan and the mainland which have been the site of Chinese military exercises.

Responding to the warning, Mr Leon Panetta, the White House chief of staff, refused to say where the US fleet was heading and again described the Chinese exercises as "reckless".

Meanwhile, Taiwan's President Lee Teng-hui accused Beijing of "state terrorism" in conducting the manoeuvres, and suggested that Beijing's "power came from guns and it relies on guns to maintain its power".

China's Premier Li Peng, prompted by the US decision to send two aircraft carrier battle groups plus submarines to waters off Taiwan, suggested that the interference of "foreign forces" added to tensions in the region.

"If some foreign forces make a show of force in the Taiwan Strait that will not be helpful but will make the situation all the more complicated," Mr Li said.

"The Chinese government will in no way accept the practice of one country imposing its views on another. If someone threatens the use of force against China this ... will not spell any good results."

But Mr Li also sought to draw a distinction between ordinary Taiwanese and the Taiwanese leaders, whom Beijing has accused of seeking to "split the motherland" by advocating independence. "We wholeheartedly hope that people in Taiwan can live in a peaceful and stable environment," Mr Li said.

The carrier USS Independence and support vessels have been patrolling in waters several hundred kilometres east of Taiwan. A second carrier, USS Nimitz, is on the way from the Gulf to provide additional support.

The US warships were sent after China announced it would conduct missile tests off Taiwan.

China is also holding live-fire exercises involving its army, navy and air force in the Taiwan Strait. These exercises will continue until March 25, two days after Taiwan's presidential election. China's sabre-rattling in the Taiwan Strait is aimed at influencing the election result, but opinion polls indicate that support is strengthening for Mr Lee, who has been the main target of Chinese invective.

"What is most important is that the leeder of Taiwan, no matter bow he is selected, refrains from carrying out actions aimed at creating 'two Chinas' or leading to independence for Taiwan in the future," Mr Li said.

China regards Taiwan as a renegade province. It was incensed by e visit to the US last June by Mr Lee. This prompted China to recall its ambassador to Washington, freeze most official relations with the US, and embark on a campaign of invective and intimidation against Taiwan.

Mr Panetta urged a peaceful settlement to relations between Chine and Taiwan, and reinforced the US commitment to a one-China policy.

"We want a peaceful solution to that situation and we think the acts that they [China] have taken in the period of the last few weeks have been reckless and frankly provocative."

Taiwan President Lee Teng-hui (centre) attending an election rally in Taipei as China stepped up its war of words with the US on Taiwan Picture AP

Buffett finally names a successor in waiting

By Maggie Urry in New York

A puff of white smoke might be visible to residents of Omahe, Nebraska today. Mr Warren Buffett bas at last answered the question pnt to bim at every Berksbire Hatbaway annnal meeting: "What happens to this place if you get hit by a truck?"

In tbe Nebraskan's 1995 annual report being posted to shareholders today be names Mr Lou Simpson as a soccessor to himself and Mr Cbarlie Munger, his partner, to look after the group's $22bn of investments. Mr Simpson also becomes next in line to carry on the principles of investing taught to Mr Buffett by Mr Benjamin Graham at Columbia business school in 1950-51.

In his chairman's letter to shareholders Mr Buffett writes that Mr Simpson's "presence on the scene assures us that Berkshire would have an extraordinary professional immediately available to handle its investments if something were to bappen to Charlie and me".

Mr Simpson currently runs the investments of Geico, an insurance group which Berkshire took control of at the start of this year, having previously beld a near 50 per cent stake.

Over tbe years Mr Buffett has become famed as a stock picker and e leading disciple of Mr Grahem's valne approach to investing. Since he acquired the ailing textile business in 1965, the valne of Berkshire Hathaway's investments per share has risen from $4 to $22,088 at the end of 1995, an annual growth rate of 33.4 per cent.

According to Mr Buffett, "Lou takes the same conservetive, concentrated approacb to investments thet we do et Berkshire", suggesting that Mr Simpson too follows the Graham principles of investment.

Between 1980 and 1995, he says, "the equities under Lou's management returned an average of 22.8 per cent annually versus 15.7 per cent for the S&P [the Standard & Poor's 500 index]".

Although Mr Buffett turned 65 last year, he has no intention of retiring. He is reputed to have a

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GM in talks with union to end strike

By Richard Waters in New York

Representatives from General Motors and the United Auto Workers union were negotiating yesterday to end e 12-day-old strike at two GM parts factories in Dayton, Ohio.

After talks during most of Saturday, intense efforts were being made yesterday to resolve a dispute that has taken on national significance as the US's largest company struggles to rednce labour costs.

Although involving only 3,200 workers, the Dayton strike has nearly halted GM's North American operations. Brake parts made at the plants on strike are needed at 29 assembly plants in the US, Canada and Mexico.

Last week, the two sides appeared to have reached an impasse after what began as a local dispute flared into a wider stoppage.

The strike erupted over GM's plans to buy brake parts for some models from Robert Bosch, the US subsidiary of the German industrial group.

By going to an outside supplier rather than hiring more union members at its own factories, GM appears to intend to use cheaper labour to hold down costs.

Workers at independent parts suppliers in the US, most of whom do not belong to unions, are estimated to earn about half the pay and benefits of UAW members.

GM executives have said the company must reduce its costs to be able to compete internationally ~ a view endorsed by other big US companies.

In the most recent significant industrial dispute over this issue, Boeing dropped plans to hire lower-paid workers overseas after a strike by employees in the US late last year. The GM strike also echoes the recent political debate in the US over the future of high-paid blue-collar jobs, which was launched by early successes for Mr Pat Buchanan in the Republican party's primary voting.

GM workers "are fighting on the picket line for what is also being fought at the ballot box – some sense that there is e future for high-wage jobs," said Mr Harley Shaiken, a labour professor at the University of California.

GM relies to a much greater degree than its main competitors on parts made at its own factories. Previous efforts to reduce its costs have been blocked by the UAW, most recently through a refusal by the union to allow GM to pay workers in parts plants less than assembly workers.

Unions bounce back, Page 4

Row as France presses for Italy's early return to ERM

By Lionel Barber in Brussels

France is pressing Italy to make an early return to the exchange rate mechanism as e vital step towards egreement on tighter currency arrangements in the eingle European market before monetary union.

The French campaign, driven by powerful industrial interests, notably textiles, has irritated the Italian government, which rejects claims that the country's exporters have received unfair trade advantages from an undervalued lira.

The Franco-Italian dispute over the free-floating lira has emerged as one of the chief obstacles to a plan to link the planned singla currency area to countries that are initially outside monetary union. France, which is determined to join the initial wave of countries forming monetary union, is adamant that all countries outsida must agree to tighter currency arrangements insida a remodelled ERM.

The French view – shared by Germany, the European Commission, and other EU member states – has provoked unease within the UK government. Britain is resisting compulsory membership of a remodelled ERM that may involve "coercive" arrangements.

Last week, Sir Leon Brittan, the British trade commissioner, found himself in hot water in Brussels after he said in London that there was no need to create a uniform exchange rate regime for those outside monetary union.

Now e consensus is emerging among central bankers and national treasury officials in favour of e "multi-speed" exchange rate mechanism to resolve the issue of how to govern relations between those countries which are "in" and "out".

The mechanism is an arrangemant by wbich participating countries commit themselves to maintain the value of their currencies in relation to the European currency unit, taking action to correct any divergence from agreed limits.

The new agreement would retain the 30 per cent fluctuation bands in the present ERM in order to deter specolators, but would create informal, progressively narrower bands for countries judged close to meeting the targets for economic and monetary union membership.

A blueprint is expected to be presented to European Union finance ministers at e meeting in Italy in mid-April to be chaired hy Mr Lamberto Dini, Italy's caretaker prime minister.

He clashed with President Jacques Chirac of France at last summer's EU summit in Cannes when the French leader first complained that tbe lira was undervalued. Bilateral relations bave deteriorated since then, according to Frencb and Italian diplomats.

Mr Dini, a former central banker who intends to set up an independent centrist force to contest the forthcoming general election, is sensitive to suggestions in France and Germany that Italy may not be ready to join monetary union in 1999.

Although Mr Dini floated the possibility of ERM re-entry last

Continued on Page 16

Albania	LEK 220	Germany	DM4.00	Lithuania	Lts 15.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR12
Bahrain	Din1.250	Hong Kong	HK$20	Malta	Lm0.85	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft230	Morocco	MDh16	Slovak Rp	Sk65
Bulgaria	Lw130.00	Iceland	IKr230	Neth	Fl 4.75	S. Africa	R12.00
Cyprus	C£1.30	India	Rs75	Nigeria	Naira90	Spain	Pta250
Czech Rp	Kc60	Israel	Shk7.90	Norway	NKr20.00	Sweden	SKr20
Denmark	DKr18	Italy	L3200	Oman	OR1.50	Switz	SFr3.70
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Syria	S£65.00
Estonia	EKr 22	Jordan	JD1.50	Poland	Zl 5.50	Tunisia	Din1.750
Finland	FM15.50	Kuwait	Fils650	Portugal (m'land)	Es240	Turkey	L70,000
France	FFr11.50	Lebanon	LL3,000			UAE	Dh12.00

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Bonn pledges crackdown on Kurd protests

By Wolfgang Münchau in Frankfurt

Leading German politicians yesterday pledged a crackdown on Kurdish protesters after a series of riots which have led to hundreds of arrests.

Rioting broke out in parts of North Rhine-Westphalia on Saturday after 10,000 police tried to prevent a Kurdish demonstration in Dortmund by intercepting demonstrators at the state borders. The controls provoked clashes between demonstrators and police, with 22 policemen and border guards injured, some seriously.

In the town of Emmerich at the Dutch border, demonstrators dragged a policeman and a policewoman out of a patrol car, beating them with sticks and planks before Dutch police crossed the border to help.

The violence is the latest in a series of clashes which German authorities believe have been masterminded by the Kurdistan Workers party (PKK), which is conducting a guerrilla war in support of its demand for an independent Kurdish homeland in south-eastern Turkey.

Rioting by Kurdish protesters at a demonstration in Bonn a week ago has been cited as the official reason for banning the Dortmund demonstration.

The protests were directed against the German government's military support for Turkey – the PKK has accused Germany of taking too little account of human rights issues in considering arms sales to Turkey – and coincided with the Kurdish New Year, which has been accompanied by several clashes in the past.

The riots highlight the difficult relations between Germans and the 500,000 Kurds living in Germany, of which only a small number are believed to support the PKK.

Mr Klaus Kinkel, the foreign minister, led the toughly worded attacks on Kurdish demonstrators, declaring that there had been "enough Kurd terror in Germany".

He said: "Police beaten bloody, blocked motorways, shopping districts sinking into chaos, cross-border riot tourism. The behaviour of violent Kurdish criminals and their ringleaders is tantamount to a declaration of war on our rule of law." Kurds who organised violence "must be deported immediately to Turkey".

The strong reaction to the flare-ups comes just two weeks before three crucial state elections, whose outcome could call into question the future of the Free Democrats (FDP), the junior partner in the Bonn coalition. Mr Kinkel is a leading member of the FDP.

Mr Manfred Kanther, German interior minister, called the PKK "a criminal organisation that the state must counter with all its strength". Mr Kanther banned the PKK and its related organisations after a series of arson attacks.

But Mr Franz-Josef Kniola, the Social Democrat interior minister of North Rhine-Westphalia, warned against an anti-immigrant backlash.

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Next Swedish premier defends policy of tight fiscal control

Persson defeats leftwingers

By Hugh Carnegy in Stockholm

Mr Göran Persson, who this week takes over as Sweden's prime minister, yesterday quickly asserted his authority as the new leader of the ruling Social Democratic party by defeating attempts by left-wingers to tie him to policies at odds with his commitment to eliminate the country's big budget deficit.

After his uncontested election on Friday night as party leader in succession to Mr Ingvar Carlsson, who is retiring, Mr Persson faced down calls at the SDP national congress to increase welfare benefits and open the way for an increase in the size of Sweden's already very large public sector.

Instead, Mr Persson won an enthusiastic reception for his appeal for party unity in which he stressed the need for firm fiscal control which would yield low inflation and provide the conditions to fulfil his boldest promise – to halve Sweden's 12 per cent unemployment by the end of the century.

Mr Persson and the party also received a boost from an opinion poll published yesterday which showed the SDP rebounding by almost 6 percentage points since last month to 38.5 per cent support – comfortably ahead of the main conservative opposition party and its highest level for months.

In his keynote speech on Saturday, Mr Persson, who will formally to take over as prime minister after a parliamentary vote on Thursday, said it should be "crystal clear" that the SDP, the architect of Sweden's cradle-to-grave social security system, remained committed to universal welfare provision and egalitarianism.

But he said: "Sweden is no longer what it was. Sweden will never again be what it was. Don't believe that the time for changes is over. Don't believe that everything can go back to how it once was."

He said he was determined that no Swedish finance minister should ever again have to travel to New York and London to explain himself to "leering, 25-year-old market brokers". He added: "We cannot build a welfare system based on borrowed money from international markets."

Persson is determined no Swedish finance minister should have to travel to New York or London to explain himself to 'leering, 25-year-old market brokers'

"Traditionalists" at the congress were defeated in their efforts to strike out of the party policy document a section stating that it was not possible to increase the public sector's share of gross national product – running at more than 60 per cent in Sweden – or "substantially" raise taxes.

Their move to return unemployment and sickness benefits to 90 per cent of previous salary were also defeated. Mr Persson, who as finance minister has cut the ratio to 75 per cent, had already accepted raising unemployment rates to 80 per cent in 1998.

Mr Persson smoothed over many of the deep cracks in the SDP between traditionalists and those seeking bolder, market-oriented reforms with a mixture of invocations of Swedish traditions of equality and appeals for hard-nosed realism about the future.

His biggest hostage to fortune was his promise on unemployment – although it won the biggest cheers. His recipe was also far from that demanded by the party's reformists: be rejected radical changes in Sweden's rigid labour market regime in favour of an appeal for moderate wage claims and a commitment to expand education and training resources.

Most delegates to the congress appeared keen to swing behind Mr Persson. "He is an old-time, good Social Democrat," said Mr Kenth Pettersson, leader of the retail workers' union and a leading leftwinger. "The party can unite behind him, definitely. I see no problem with that."

In other policy decisions, the congress decided to begin the process of decommissioning Sweden's nuclear power stations, which supply half of the country's electricity, before the next general election in 1998. This was opposed by both employers and trade unions which fear the move will hit industry and cost jobs.

Irish challenge beef fraud fine

By John Murray Brown in Dublin

The Irish government today launches a last-ditch attempt to persuade the European Commission to reduce a fine of up to I£109m ($162m) for alleged fraud in its beef industry.

The charges relate to irregularities dating back to 1990, in the operation of the now abandoned intervention system, under which the Commission bought agricultural surpluses for indefinite storage in an attempt to stabilise the market – creating such phenomena as the "beef mountain", the "wine lake" and the "butter mountain".

Mr Ivan Yates, Irish agriculture minister, will today lobby officials in Brussels ahead of tomorrow's meeting of the council of agriculture ministers.

Dublin argues that it should be given credit for the fact that it set up the tribunal of investigation which brought the irregularities to light. Some MPs have argued the Commission fine should be reduced by the I£14m cost of the tribunal.

Officials still hope the Commission will drop an expected I£18m fine relating to the procedures under which companies tendered for contracts to put beef into intervention: some restructured to make the most of the contracts. A senior official said yesterday that Dublin would consider taking its case to the European Court if the Commission insisted on this fine.

There is expected to be no challenge to the main fine of about I£75m relating to Ireland's alleged failure to ensure that beef processors took into storage the full value of intervention beef, subsidised by Brussels. The intervention system worked on the assumption that 68.5 per cent of a carcass was meat, and expected that percentage of the weight of intervention carcasses to be delivered into store.

Some processors fattened cattle so that they could skim off the best cuts for sale. Other irregularities are expected to expected to incur fines of up to I£13m. Mr Yates initially looked at the possibility of clawing back some of the fine from the processors but this was ruled illegal by Brussels. Last week he unveiled a range of reforms, including a new anti-fraud division in his ministry and an I£4.5m annual charge on beef processors to cover the cost of monitoring the industry.

An angry farmers' demonstration against the proposals brought Dublin to a virtual standstill last week – a reminder of the political clout of the Irish farm lobby.

The issue has become a bone of domestic contention. The Fine Gael party of the prime minister, Mr John Bruton, has tried to use the dispute to discredit Fianna Fail, the main opposition party, which was in government when the alleged frauds occurred. Mr Yates has also attacked Mr Larry Goodman, the politically powerful beef processor, as the "main culprit for tarnishing the reputation of the Irish beef industry".

EUROPEAN NEWS DIGEST

Row worsens in Berlusconi party

Mr Vittorio Dotti, leader in the chamber of deputies of Mr Silvio Berlusconi's Forza Italia, announced yesterday he had been purged from the media magnate's party and would be teaming up with caretaker prime minister, Mr Lamberto Dini.

Mr Dotti, a moderate, was withdrawn as a candidate in next month's elections by Forza Italia on Saturday in what he called a "summary trial". "They have seized the opportunity to liquidate the moderate wing of Forza Italia," said Mr Dotti. He said he had accepted an offer from Mr Dini, caretaker prime minister until the April 21 elections, to stand as an independent on Italian Renewal's list in Turin.

Mr Berlusconi said Mr Dotti's claim was "an accusation without foundation" and added that Mr Dotti had put the party leader's honour in doubt by his actions.

Following last week's news that Mr Dotti's companion, Ms Stefania Ariosto, had provided evidence to Milan magistrates investigating alleged corruption involving his Fininvest empire, Mr Berlusconi asked Mr Dotti to repudiate Ms Ariosto's action. Mr Dotti said that, not being party to Ms Ariosto's testimony, he was unable to do this.

Mr Dotti was a Fininvest lawyer before entering parliament two years ago. *David Lane, Rome*

Italian footballers go on strike

There were no top division football matches in Italy yesterday as players went on strike at the start of a campaign for a freeze on the use of players from outside the European Union and immediate payment by clubs of players' wage arrears.

The strike, the first to have hit Italy's national sport, was called after the professional footballers' association and the football federation failed to reach agreement on the players' demands. A second strike is threatened for April. Meanwhile, clubs will decide on docking players' wages for the matches cancelled this weekend. *David Lane*

Bill for wasted water is $10bn

European governments are losing billions of dollars down the drain each year because of leaky water pipes, according to the United Nations Economic Commission for Europe.

The ECE estimates that 40-60 per cent of treated water in Europe is lost before arriving at the tap – rising to 80 per cent in old cities, where pipe systems often predate the first world war.

The cost of the wasted water alone is at least $10bn (£6.5bn) a year, to which must be added unnecessary investment in treatment capacity, damage to building foundations and health risks from bacteria living in leak-fed reservoirs, the ECE says. *Frances Williams, Geneva*

Moldova confrontation averted

A volatile stand-off between Moldovan President Mircea Snegur and his armed forces calmed over the weekend when the president agreed to abide by a court ruling on the dispute.

The clash was sparked on Friday, when Mr Snegur issued a decree dismissing General Pavel Creanga as defence minister and appointing General Tudor Dabija as a temporary replacement. But Gen Creanga refused to step down, arguing that the president did not have the right to sack him, and observers feared that the dispute could provoke a mutiny by officers loyal to Gen Creanga. To avert a conflict within the army over the weekend, parliament referred the issue to the Constitutional Court, which is expected to rule on the legality of the decree in the next few days. *Chrystia Freeland, Moscow*

Humiliated by Yeltsin, the economy minister explains why he still supports the president

Last reformer in the Kremlin fights on

Since the Communist triumph in December's parliamentary elections, liberal reformers have often seemed an endangered species in Russian President Boris Yeltsin's inner circle.

Some, like Mr Andrei Kozyrev, the former pro-western foreign minister, and Mr Anatoly Chubais, the architect of Russia's market reforms, were sacked by the Kremlin leader in an effort to appeal to the disgruntled electorate ahead of the June 16 presidential ballot.

Others, like Mr Sergei Kovalyev, once the head of the president's human rights commission, resigned in disgust, warning that Mr Yeltsin had become no better than his Communist rivals.

In the midst of this political tumult, one member of the radical team which has spearheaded market reforms since the Gorbachev era has held on to his cabinet post – Mr Evgeni Yasin, the minister of the economy.

Since the purge of reformers began, there have been flurries of speculation that Mr Yasin was next. Mr Yeltsin fuelled those rumours by reprimanding the economics minister for failing to fund a combine-harvester factory whose manager is a friend of the president.

But despite this public

'I know one thing – for the reform process to continue, President Yeltsin must win the June election'

humiliation and the departure of many of his closest allies, Mr Yasin has held his post and continues to back the president.

Mr Yasin insists that was not "offended" by Mr Yeltsin's attack. He regrets Mr Chubais's dismissal, but it is not "a tragedy".

Like a growing number of Russian liberals, Mr Yasin argues that, whatever his defects, Mr Yeltsin must be supported because he is the only alternative to the increasingly popular Communists.

"I know one thing – for the reform process to continue, President Yeltsin must win," Mr Yasin says.

"Not because he is an ideal man, not because he never makes mistakes. But I am convinced that he has tied his fate to that of reforms. And the defeat of reforms would be more of a personal defeat for him than even defeat at the elections would be. It is impossible for him to abandon this course." Another source of Mr Yasin's enduring loyalty to the volatile Kremlin chief is his belief that the Communists stand a very good chance of winning the June presidential ballot.

"The danger (of a Communist victory) is very great," Mr Yasin says. "The threat of a Communist revanche is, naturally, very high. Why should it be any different here from Poland or Hungary?"

Unlike some western and Russian businessmen, who have been won over by the efforts of Mr Gennady Zyuganov, the Communist party leader, to reassure the financial community, Mr Yasin believes a Communist victory would be a serious economic and political setback for Russia.

"I don't want to paint an apocalyptic picture. I do not think there would be huge, radical changes immediately," Mr Yasin says.

"Mr Zyuganov might, in the first three months, do nothing wrong. But what will happen after that, when he begins to fulfil his pre-election promises?"

The mounting prospect of a Communist president has prompted soul-searching among some democrats, who have begun to look for the mistakes which may have paved the way for a Communist comeback.

But Mr Yasin does not believe that Kremlin errors are responsible for the popularity of the Communists. He believes popular dissatisfaction with radical economic reforms is the inevitable by-product of transforming Russia's centrally planned behemoth into a market economy.

"The price of reforms is particularly high in Russia," Mr Yasin argues. "This is not because President Yeltsin made mistakes but because here there are the deepest deformations, the most difficult problems."

He said he had met Mr Vaclav Klaus, the prime minister of the Czech Republic, at the recent world economic summit in Davos. "We had a roundtable discussion. He explained to us that we had done this wrong and done that wrong." Mr Yasin had a sharp rejoinder for the renowned Prague reformer: "I told him that in order to successfully conduct reforms it was necessary to be prime minister of the Czech Republic, rather than prime minister of Russia."

But although he believes that radical market reforms are unpopular no matter how skilfully they are implemented, Mr Yasin also thinks that, less than three months ahead of the presidential ballot, the time has come to slow down.

"Of course, elections slow things down," Mr Yasin says. "It is not just a question of material losses, of the lowering of the standard of living, it is also the difficulty of becoming accustomed to a new way of life.

"The time is nearing when people can express their view about all of the recent changes, and they did not all study in university, so many think that today everything is going badly, they think they are worse off than before.

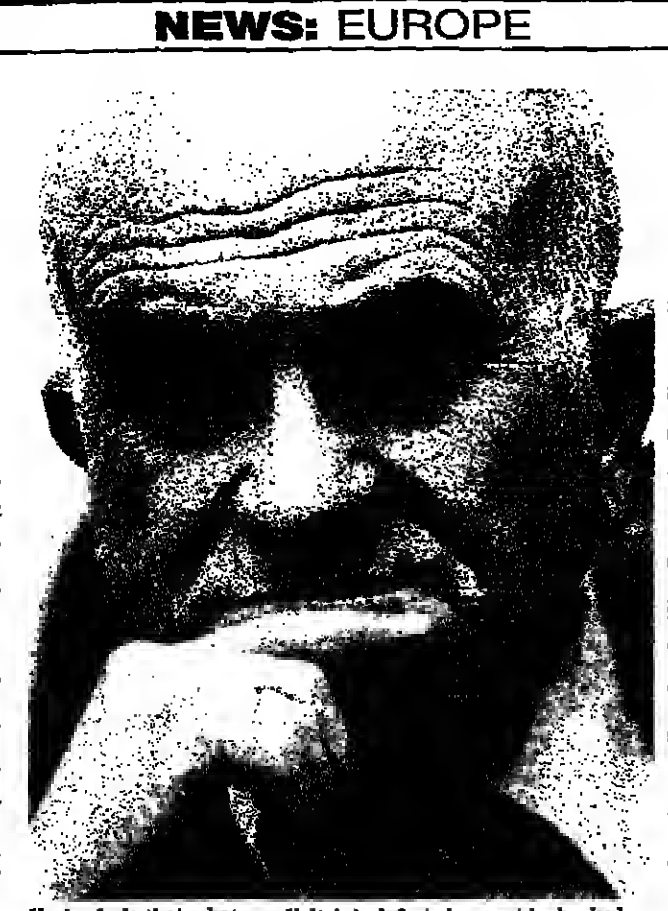
"For that reason, we must to some extent put on the brakes and take into consideration to a greater degree social costs."

Chrystia Freeland

Russia's Communist party leader, Mr Gennady Zyuganov, running for president on June 16, said yesterday the revival of the Soviet Union was high on his agenda but pledged not to force ex-Soviet states back together, Reuter reports from Moscow.

"We want the Belovezh agreements denounced," said Mr Zyuganov, referring to a 1991 deal by the Russian, Ukrainian and Belarus leaders which effectively destroyed the Soviet Union.

"Five years of disasters followed, showing that we cannot do without each other," Mr Zyuganov told 5,000 campaign workers who packed a hall in Moscow to chant "Soviet Union! Soviet Union!". Mr Zyuganov was unveiling his election manifesto on the fifth anniversary of a referendum on March 17, 1991, in which three-quarters of those who voted wanted to keep intact a "renewed, democratic" Soviet Union.



Yasin: feels that whatever Yeltsin's defects he must be backed

Croats and Moslems in struggle to unite

By Harriet Martin in Sarajevo, John Barham in Ankara and Paul Wood in Belgrade

Mr Kresimir Zubak, the leader of Bosnia's fragile Croat-Moslem federation, warned over the weekend that the two communities were still at odds, and they might need up to four more years to settle their differences.

The warning came amid growing signs that ethnically based parties are dominating the post-war political scene in all three of Bosnia's communities – Serb, Croat and Moslem – and squeezing out the more moderate forces.

Mr Zubak, a Croat, told the Croatian newspaper, Vecernji List, that "there is not a single sphere of life or work where Croats and Moslems completely agree" and said the Croat-Moslem partnership needed "three or four years to achieve stability".

The federation leader accused Bosnia's Moslem leadership of taking measures to assert their own community's interests which proved that "their commitment to a a multi-ethnic, multi-cultural community has been only verbal."

A breakdown of Croat-Moslem relations, which are already tense in central Bosnia and in the cities of Mostar and Sarajevo, could spell a new round of bloody inter-communal fighting and a bitter blow for US policy in the region.

In Mostar yesterday, Moslem demonstrators blocked a road, complaining that Croats were preventing them from visiting a graveyard.

The US policy of rearming a united Bosnian government and Bosnian-Croat defence force is based on the assumption that the Croats and Moslems will settle their differences and stand ready to ward off any renewed threat from the Serbs.

US officials are still insisting that the rearmament should go ahead, despite the poor response at the weekend conference of potential military aid donors in Ankara to Bosnia's appeal for up to $1bn (£650m) worth of weapons.

Mr James Pardew, US special representative for "military stabilisation" in the Balkans, said in Ankara the Bosnian army would be slashed from about 200,000 to 50,000 men, but its operational effectiveness would be boosted. The US would provide 80 armoured cars, 45 main battle tanks, 46,100 M16 rifles with ammunition, 1,000 machine guns with ammunition, radios and "utility" helicopters plus communications gear.

However, aid is conditional on complying with Dayton's requirement that all "foreign forces" – in other words, Iranian volunteers – leave Bosnia, and that the federation be fully functioning.

Mr Haris Silajdzic, Bosnia's former prime minister, who has founded a new party that aims to transcend ethnic divisions, complained last week that nationalist parties retained their old domination of the media and local power structures.

"The federation is made up of two one-party systems," he said, referring to Bosnia's ruling SDA party, a Moslem nationalist grouping, and the HDZ, which dominates the Croat political scene.

"We still have a structure here which remains from the communist society," he said. "So-called state television is not available to the opposition parties except for a few minutes a week," he added.

West finds a formula to boost EBRD

By Kevin Done, East Europe Correspondent

Western governments, facing a request to double the capital of the European Bank for Reconstruction and Development to Ecu20bn (£16.7bn), are planning to spread payments over a period of 13 years to ease the impact on national budgets.

The governors of the EBRD, representing its 59 shareholders – 57 governments, the European Union and the European Investment Bank – are expected to vote in favour of the doubling in authorised capital from the present Ecu10bn at the bank's annual meeting next month in Sofia, Bulgaria.

The bank was established in 1991 to assist in the transition from planned to market economies following the collapse of communism in central and east Europe.

Under a complicated formula accepted at a meeting of the bank's directors last week, the first injection of new funds will not happen until 1998, and the final cash payments will not have to be made until 2010.

The EBRD has argued that without the increase, it would exhaust its present capital base within two years. But in the face of national budgetary constraints it has had to move carefully during the past year to gain support for the increase.

EBRD directors will propose to tha annual meeting that paid-in shares should account for only 22.5 per cent of the planned doubling of authorised capital, and that the payments be spread over eight years in equal instalments.

These payments will be split, with only 40 per cent in cash and the rest in promissory notes, which will themselves be encashed in equal instalments over five years.

Of the EBRD's present Ecu10bn equity capital base, 30 per cent consists of paid-in shares, contributed over only five years.

The remaining 77.5 per cent of the increase in EBRD capital will be in "callable shares". These can be called only in dire circumstances "as and when required by the bank to meet its liabilities" – in practice they support the EBRD's AAA debt rating in the international capital markets, as it borrows the rest of its capital needs.

In its statutes the bank is governed by a strict one-to-one gearing ratio – it is not allowed to lend more than its capital.

By the end of last year it already had a portfolio of 368 board-approved projects worth Ecu7.9bn. There are another 355 projects in the pipeline worth a further Ecu8.1bn.

Multinationals would use same reports on all markets

Hopes for deal on accounts

By Jim Kelly, Accountancy Correspondent

An agreement which could allow multinational companies to use one set of accounts on all the world's leading stock markets is set to be put on a fast track for implementation in spring 1998 – more than a year earlier than planned.

The move reflects pressure from leading European companies considering a listing on the New York Stock Exchange and is understood to have the significant support of the US Securities and Exchange Commission.

The backing of the SEC, and European securities regulators, adds weight to the efforts of the International Accounting Standards Committee to forge an international accounting code for large companies seeking cross-border listings.

At present big companies have to produce separate sets of accounts to enter some markets, such as those in the US. This is costly, leads to confusion, and puts off investors as reported profits between sets of accounts can vary wildly.

In July last year the committee, the body which is working to produce a global framework for financial reporting, announced an agreement on the issue with IOSCO, the securities regulators' representative organisation.

Under the agreement, the committee agreed to produce a core package of standards for endorsement by IOSCO in mid-1999. The new, highly ambitious timetable still needs to be backed by the board of the IASC, which meets in Brussels at the end of this month.

Sir Bryan Carsberg, secretary-general of the IASC, said no final decision had been taken and no absolute guarantee could be given that the package would be completed in time. "But if you are doing a good thing, the sooner you do it the better," he said.

"There is a feeling among some companies which might want to go to the NYSE for a quotation in the reasonably near future that it would be a great pity if they had to go before endorsement."

Mr John Heggarty, head of the Fédération des Experts Comptables Européens (FEE), the umbrella body for European accountants, said: "The acceleration of the work programme could be very positive because it means that Europeans considering a listing in the US may be prepared to wait until the SEC accepts IASC rather than going for US GAAP" – the US accounting code.

The SEC's backing is believed to reflect widespread enthusiasm on Wall Street for attracting foreign listings. It provides further evidence that the SEC has become a genuine supporter of international accounting standards, which are much less prescriptive than those of the US code.

It is understood Sir Bryan is seeking an extra £700,000 a year for two years to help fund research required to complete the code within the new timetable – on top of the present base of around £1.5m per annum. It is thought that the SEC has offered to help raise funds in the US.

"It looks like Arthur Levitt, chairman of the SEC, is rustling up funds on Wall Street. It is a very good sign that the SEC is buying into this. The only downside is that some people see this as excessive US influence – but they can't have it both ways," said one leading international accountant.

A UK regulator commented: "There is pressure building up from the markets for this thing. There is definitely a groundswell of support."

INTERNATIONAL PRESS REVIEW

Reading the smoke signals

US

By Richard Tomkins

Marlette for Newsday

Either it is the end of the US tobacco industry as we know it, or nothing very much has happened. It rather depends which newspaper you read – or more precisely, perhaps, on whether or not its editor smokes.

"Tobacco Biz Bombshell: Liggett Settles Big Cig Suit," yelled the headline in New York's *Daily News* – which, while probably not making a great deal of sense to its readers, seemed to convey the idea that something important was going on.

In contrast, a headline in the business section of the *Washington Times* sounded suspiciously as though it had been come to the writer after a long draw on a Marlboro. "Agreement Won't Set Important Precedent," it murmured, breaking the golden rule of never using a negative in a headline.

The development that both newspapers were talking about was last week's decision by Liggett, smallest of the five big US cigarette makers, to break ranks with the rest of the US *tobacco industry* and reach a landmark financial settlement with the industry's foes.

The deal risks setting a devastating precedent for cigarette makers by acknowledging product liability. But Mr Bennett LeBow, the US corporate raider who controls Liggett, had a clear motive for reaching the settlement: as part of the deal, anti-smoking plaintiffs agreed that they would not try to block LeBow's continuing efforts to win control of RJR Nabisco, the second biggest US tobacco company.

Several US newspapers were tickled by the irony of Mr LeBow's perceived betrayal. "To tobacco farmers and industry executives, he'll go down as an unscrupulous, opportunistic *Benedict Arnold*," said the *Chicago Tribune*. (Arnold, an American army officer, attempted to surrender West Point to the British in the revolutionary war.)

Even so, the Tribune seemed to think the industry was still a step or two away from apocalypse. "The settlement won't make the industry wither and die, but it does provide some public health benefits," it said.

The Washington Times was even keener to play the settlement down, opining that it could have no legal effect on other lawsuits because Liggett had admitted no liability. "Such settlements have no value as evidence against other defendants in the case or in any future lawsuits," it asserted.

But the Times was in a small minority. Most other newspapers were unequivocal in expressing their jubilance over the setback for tobacco makers, seeing it as a first step towards their eventual demise.

Typical of the tenor was an editorial in the *San Francisco Chronicle*, which described Mr LeBow's settlement as "a rare and salutary win in a long consumer battle against the $50bn-a-year tobacco industry that is poisoning and addicting millions of Americans every year."

No doubt the other cigarette companies would carry on defending the lawsuits, the Chronicle said. "And we expect they will fight like rabid dogs to preserve and enhance their immense profits. But by breaking ranks, Liggett cracked the tobacco industry's armour and emboldened the anti-smoking army."

The armour analogy seemed to be flavour of the week. "Regardless of the reasons for the settlement, a chink has appeared in Big Tobacco's armour. That chink could end up saving a lot of lives," said Fort Lauderdale's *Sun-Sentinel*.

The *Charleston Gazette* preferred a more fluid metaphor, saying the Liggett deal could turn out to be "the first trickle in a flood" that would sweep tobacco makers into bankruptcy. And leaving little doubt that its editorial was written in a smoke-free zone, it concluded: "It couldn't happen to a more deserving group."

Names in the News, Page 8

INTERNATIONAL NEWS DIGEST

Menem makes up with Cavallo

President Carlos Menem of Argentina has moved to quell speculation that he was ready to sack Mr Domingo Cavallo, his economy minister, by seeking to re-establish a truce that has kept the controversial minister in his post for six months.

The two men, who came to verbal blows during a cabinet meeting last week, met briefly on Saturday, and a fragile reconciliation between the political and economic architects of Argentina's liberal reform programme appears to have been concocted. Mr Cavallo agreed to maintain a low public profile by confining himself to the technicalities of reactivating the moribund economy.

Last week's squabble was sparked by Mr Cavallo's fury at a plan to form a tripartite national council of union, business and government leaders. The council, which would fall outside Mr Cavallo's remit, would put forward proposals to confront recession and high unemployment.

Mr Menem overruled his economy minister but decided to water down the original proposal, rendering the council a purely consultative body. However, Mr Cavallo refused to endorse it. *David Pilling, Buenos Aires*

Mexican inflation 'will fall'

Mr Miguel Mancera, governor of Mexico's central bank, has predicted monthly inflation rates will begin to fall after next month and that the Bank of Mexico will do all it can to contain inflation to the projected 20.5 per cent for the year, against 52 per cent in 1995. Most analysts believe Mexico will overshoot its inflation target in 1996 because of the rapid depreciation of the peso last year and pressures on the government to engineer a fast economic recovery. Consumer prices rose 6 per cent in the first two months of the year.

Mr Mancera acknowledged that many Mexicans were calling for a reorientation of economic policy to stimulate growth through monetary expansion. He dismissed those proposals as "dangerously attractive", leading only to more inflation and higher interest rates. *Leslie Crawford, Mexico City*

Nigerian voters turn out

Nigeria's national electoral commission struggled to cope with an unexpectedly high turnout at poorly organised non-party local government polls on Saturday. The polls were the military regime's first step in a three-year programme to hand over to elected civilian rule.

Amid very tight security there were no reports of disruption by government opponents. But lack of notice about location of booths and timing for the polls – in which there were no electoral rolls, no voting cards and no ballot papers – led to delays, confusion and one riot in which at least one person was killed. *Paul Adams, Lagos*

Candidates and voters spurn Zimbabwean poll

By Anthony Hawkins in Harare

An unexpectedly low turnout and confusion surrounding the withdrawal of two of the three candidates in Zimbabwe's presidential elections have left President Robert Mugabe with a hollow victory.

At midday yesterday just under a quarter of the 4.9m people eligible to vote had done so. Officials said the final turnout would be higher but few analysts expect the figure to exceed 35 per cent.

Seemingly unfazed by this setback to his standing abroad as well as at home, Mr Mugabe flew to South Africa to advise King Masati of Swaziland how to cope with unrest in his tiny kingdom. After casting his vote on Saturday, the president left to meet the king, President Nelson Mandela of South Africa and President Ketumile Masire of Botswana.

There is some nervousness in Harare about the likely government reaction to the election. The government propaganda machine has criticised the two hapless clerics, the Rev Ndabaningi Sithole and retired Bishop Abel Muzorewa, for their last-minute withdrawal from the poll.

Officially, a candidate may not withdraw in the final three weeks of the campaign, but both men quit in the last few days, creating confusion over whether the elections would be held at all. Officials have seized on this to explain the poor turnout.

Some fear Mr Mugabe may step up his harsh criticism of business and farming communities dominated by the 80,000-100,000 whites still living in the country.

An investment and privatisation conference is being held in Harare on Thursday at which the British chancellor of the exchequer, Mr Kenneth Clarke, is scheduled to speak. The timing could scarcely be more unfortunate: during the campaign the president repeatedly criticised foreign companies and lashed out at World Bank and IMF-supported privatisation programmes.

He warned also that if London failed to provide foreign aid to fund the government's land resettlement programme, white-owned farmland would be expropriated, with the government paying only for improvements and not for the land itself.

Mr Clarke will find a business community sunk in gloom at the tidal wave of anti-white and anti-business sentiment that reached a crescendo in the final days of the "campaign".

The electoral farce is a blow, too, to the UK Foreign Office. Only last year, Baroness Chalker, the minister responsible for Africa, told a conference she wished all African countries were governed as well as Zimbabwe.

The low turnout is a clear warning to the government that the electorate no longer believes its promises. As a result, business is waiting anxiously to see whether an angry president will implement the many threats made during his campaign or whether – as in the past – life will go on as usual.

Editorial comment, Page 15

Unions bounce back at GM

By Richard Waters in New York

Depending on which side of the political fence you stand, the strike which has crippled production at General Motors is either a last hurrah from organised labour in the US, or one of the first flowerings of the new militancy that trade union leaders have been promising for some months.

The sight of motor workers on the picket lines in Ohio does not sit easily with the image of the US blue-collar worker. In theory, the typical US worker has become a cowed and timorous employee, beaten into submission by waves of corporate sackings and the fear that those jobs that remain will one day be exported to low-wage plants in Latin America or Asia.

The outbreak of militancy at two GM parts plants in Dayton, Ohio, on March 5 shows that this image conjured up by political campaigners and media punditry is only part of the truth. Some workers, it seems, are prepared to fight for the well paid jobs that had once seemed their birthright.

In GM's case, that means jobs that are among the highest-paying in the country for blue-collar workers. Under the United Auto Workers union's agreement with the Big Three US vehicle makers, car workers received nearly $30 (£13) an hour in wages, in addition to healthcare, pension and other benefits valued at around $24 an hour on top. That is around twice the pay and benefits received by non-union workers at the independent suppliers who serve the big car makers.

At first glance, the Dayton dispute seems an unlikely battleground on which to fight this particular issue. GM's plans to buy brake parts from a supplier, Robert Bosch, involve only around 150 jobs. The company has seen a number of similar disputes flare up in parts plants over the past three years, only for the fires to be put out within two or three days. And with all three big US vehicle makers due to renegotiate their three-year contracts with the union by September 14 this year, this seems an unlikely moment for a full-scale conflict.

Both GM and the union, however, seem to have been all too ready to let a local dispute grow into a serious rift.

For the UAW, still reeling from a failed 18-month strike against Caterpillar, Dayton has presented an early opportunity to score a quick victory. And with a new and more militant leader, Mr Steve Yokich, whose former role was to head the union's relations with GM, the union seems to have regained some confidence.

That, in turn, echoes the newly militant tone of the AFL-CIO, the union umbrella organisation, and an apparent rebound in the determination by organised labour to protect jobs. The recent victory of aircraft workers at Boeing, who went on strike to prevent the company hiring lower-paid workers overseas, has been seen throughout the union movement as a sign that concerted action can bring results.

GM, for its part, has also looked increasingly ready to fight an all-out labour dispute. Unlike other vehicle makers, GM still has a high degree of vertical integration – it makes around 70 per cent of its parts itself, compared with around 45 per cent at Ford and 25 per cent at Chrysler. That means a built-in cost disadvantage, given the higher pay of its unionised workers.

The company's financial situation has left it well prepared to fight. By the end of last year, it had finally repaired its finances after a disastrous start to the 1990s, and it has ample cash on hand. To continue its financial turnaround, it now needs to make greater inroads into its inflexible cost structure: its after-tax profit margin in North America, at 2.3 per cent last year, is still less than half the 5 per cent it has set as a target.

Also, the slowdown in new car sales in the US late last year has left GM with large inventories: it has around 82 days' supply of vehicles on hand, compared to the level of around 60 days' supply that is generally thought optimal in the industry.

Against that background, "GM had to get at the issue now – they had to draw a line in the sand," says Mr Dale Cole, director of office for the study of automotive transportation at the University of Michigan.

The dispute has already touched off alarm bells in boardrooms of other manufacturing companies in the US. The political mood this year has already swung against large companies, whose willingness to lay off large numbers of employees had largely gone unchallenged before. For that, they may thank Mr Pat Buchanan, the conservative commentator whose early strong showing in Republican primaries made job insecurity a political hot button during this presidential election year.

It is perhaps no coincidence that AT&T – whose announcement of 40,000 redundancies on the first working day of this year has made it a symbol for opponents of unrestrained corporate power – on the same day said it would soften the blow by reducing the number of sackings.

WTO needs telecoms deal for its credibility

US has thrown down the gauntlet, reports Guy de Jonquières

Negotiators from 48 World Trade Organisation members face a race against the clock when they resume talks in Geneva today, aimed at a landmark agreement to liberalise global markets for basic telecommunications services.

With the deadline for an accord six weeks away, the US and the European Union have both recently sought to inject impetus by stressing the economic gains to be had from a deal, and the limited time left to achieve it.

Their exhortations are echoed by Mr Neil McMillan, the British official who chairs the negotiations. He says they offer a "now or never" chance to establish a clear framework for the orderly development of one of the world's most dynamic and fast growing industries.

The stakes for the WTO as an institution are also high. After narrowly averting the collapse of talks last year on financial services liberalisation, and with negotiations on maritime services floundering, the organisation badly needs a solid success.

Unlike most multilateral trade negotiations, the telecoms talks are not just intended to remove barriers to international competition. They also aim actively to promote it, by obliging WTO members to respect common rules.

Negotiators are near agreement on a set of principles, which would require transparent regulation, ensure competing companies access to public telecoms networks and proscribe unfair discrimination by dominant carriers.

The principles, formulated largely at US insistence, would have binding force. Countries accused of flouting them could be challenged through the WTO's disputes procedures, and face trade sanctions if found guilty.

Everything now hinges on complex bargaining between WTO members over how far, and on what terms, they are ready to pledge to open their markets to foreign competitors.

The US threw down the gauntlet last month by offering unrestricted international access to its newly deregulated telecoms market – but only if other countries tabled bolder liberalisation proposals of their own.

Washington wants more than just commitments to abolish national telecoms monopolies. It also aims to get its trading partners to lower limits on foreign ownership of their telecoms industries, which inhibit international competition on their markets.

The US initiative is intended particularly to flush out improved offers from developing countries. Some, such as Venezuela, Hungary and the Czech Republic, have tabled quite ambitious liberalisation proposals.

But many, including India, Indonesia, Malaysia, South Africa and Thailand, have yet to make offers, or have proposed timid concessions.

Few developing countries have telecoms companies which are active internationally and would gain from global liberalisation. The fate of the WTO talks may hang on whether they can, nonetheless, be persuaded to sign up to a wide-ranging deal.

The World Bank says it is in their interest to do so, because that will help attract the foreign investment needed to finance the estimated $60bn (£39bn) cost of modernising their telecoms systems in the next five years.

Some trade diplomats also argue that cutting a deal now would earn developing countries political credit, which they could use to extract concessions from industrialised countries in a future trade negotiating round.

But many developing countries insist they are looking to the industrialised economies to move first. Korea, for instance, says its attitude will depend on whether Japan agrees to open its telecoms market further.

Though it is uncertain that Japan will go ahead with proposals to break up NTT, its dominant domestic carrier, Tokyo has hinted it may agree to relax its foreign ownership limits as part of a deregulation package late this month.

Canada is also under pressure to liberalise its foreign investment regime and to end Teleglobe's monopoly on most international traffic, while Australia is being urged to entrench in the WTO proposed reforms of its telecoms market.

But the crucial factor, trade diplomats say, is the position of the EU. It has offered in the WTO to extend internationally the planned liberalisation of its telecoms market in 1998. However, curbs on foreign ownership would remain in several member states, while Belgium would be allowed to ration the award of radio communications licences.

Under heavy US pressure, the European Commission is now seeking to have these restrictions removed. But its proposal has provoked a dispute between EU governments, unlikely to be resolved before their foreign ministers next meet, on March 25.

The odds are that the EU will agree to improve its offer, rather than risk being blamed for the talks failing. But internal bickering reduces the time left for a decisive breakthrough in the WTO negotiations.

Delay could also test the patience of the US, which is being urged by AT&T, its biggest telecoms company, to take a tough negotiating stance.

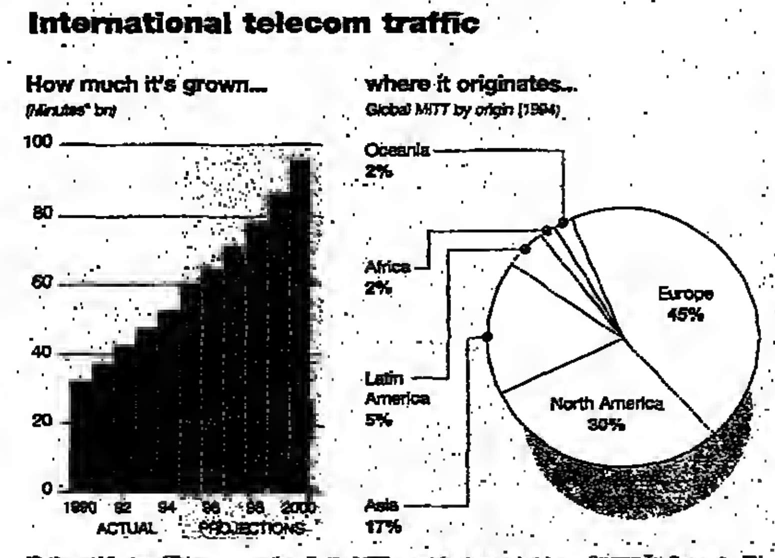
AT&T has hinted that unless the talks yield much improved access to markets abroad, it may press Washington to downgrade its WTO offer, notably by refusing to guarantee foreign competitors the right to operate international services from inside the US.

AT&T said last week it wanted a substantial WTO accord, but "We would rather have no agreement at all than a mediocre agreement."

Deliberately or not, that veiled warning recalled the crisis in last year's WTO negotiations on financial services. The US administration walked away from a deal then because it was unable or unwilling to persuade its own industry lobbyists to accept what other countries had put on the table.

Neither the US nor its negotiating partners wants a re-run of that episode, which created much political rancour and put at risk the WTO's credibility. They have six weeks left to show whether they can do better this time.

International telecom traffic



and who carries it

Top 10 carriers (1994)

	International traffic (MiTTs)	Revenue** US$m: International	Total
AT&T (US)	7,947	5,752	75,094
Deutsche Telekom (Germany)	5,147	4,949	37,778
MCI (US)	3,517	2,793	13,338
France Télécom (France)	2,803	3,494	22,426
BT (UK)	2,489	3,135	22,507
Telecom Italia (Italy)	1,706	1,480	18,658
Swiss PTT (Switzerland)	1,649	1,718	6,814
Hongkong Telecom (Hong Kong)	1,576	2,114	3,483
Stentor (Canada)	1,525	n.a.	n.a.
Sprint (US)	1,471	854	12,662

*Outbound Minutes of Telecommunications Traffic (MiTT) on public phone networks Source: TeleGeography, ITU **International revenues are net of settlements for North American carriers

NEWS: ASIA-PACIFIC

Jakarta acts to head off tariff protest

By Manuela Saragosa in Jakarta

Indonesia's trade and industry minister has rejected suggestions that the return to tariff protection in parts of the petrochemical and automotive sectors is a fundamental reversal of the government's policy of economic deregulation.

In an effort also aimed at heading off accusations of favouritism Mr Tunky Ariwibowo, said the changes were necessary to strengthen Indonesia's "strategic" industries ahead of commitments to free trade schedules.

"We are still committed to the World Trade Organisation, the Asia Free Trade Agreement, and the Asia Pacific Economic Co-operation forum, and whatever international agreements we have signed," he said.

Over the past few months, the government has granted effective tariff protection of 25 per cent to Chandra Asri, a propylene and ethylene producer partly owned by President Suharto's second son Mr Bambang Trihatmodjo and other prominent Indonesian businessmen. The changes were made despite promises that no such protection would be granted.

The government has also granted a company owned by President Suharto's youngest son, Mr Hutomo Mandala Putra, sales tax and tariff exemption on imports of car components to develop a "national" car with South Korea's Kia Motors. The exemptions allow Mr Hutomo to undercut all other established car manufacturers in Indonesia's automotive sector, which is dominated by Japanese car companies.

Mr Ariwibowo said there were no plans to introduce similar "national reform programmes" in other sectors.

He said tariffs on ethylene imports would not increase costs to downstream users of polyethylene because polyethylene imports were already subject to a 40 per cent tariff.

However, industry analysts say surcharges on ethylene imports will squeeze profit margins at Peni, an Indonesian polyethylene manufacturer partly owned by British Petroleum, which will have its raw material costs raised because of the surcharge. Similar circumstances apply to Tri Polyta, a New York listed Indonesian polypropylene producer, hit by a similar surcharge of 20 per cent on propylene, its main raw material.

The minister dismissed allegations that hundreds of millions of dollars in Japanese investment in the automotive sector might be cancelled as a result of the "national car programme". "I believe that they will even add investment to speed up the process to reach the stage [where they will be able to compete with the national car]," he said.

Japanese car manufacturers, including Toyota, Daihatsu, Suzuki and Mitsubishi, have invested heavily in Indonesian plants over the past decade to meet local content requirements under an incentive scheme that provides tariff relief for producers who use Indonesian-made parts.

The minister said for the time being no other Indonesian car manufacturers would be granted tax and tariff exemptions under the "national car programme". "If we give out the same [tax and tariff exemptions] to more than one company then it will jeopardise our tax revenues," he said.

Bhutto: breathing new life into strife-torn city

Bhutto seeks to revive battered port of Karachi

By Farhan Bokhari in Karachi

Ms Benazir Bhutto, Pakistan's prime minister, is attempting to revive the battered fortunes of Karachi, after a year of violence which claimed almost 2,000 lives in the port city.

At the weekend she launched work on the country's first urban train network with a ground-breaking ceremony for the $590m Karachi mass transit system (KMTS). Due to come into service by 1998, it is part of a Rs121bn ($3.5bn) plan to improve transport, sewerage, water and health services in Karachi over the next decade.

In spite of three months of calm in the city, there is no sign of a permanent political settlement in the tussle between Ms Bhutto's government and the Mohajir Qaumi Movement (MQM), Karachi's largest political party.

The MQM, which represents Urdu-speaking people who migrated from India to settle in Pakistan at the time of the country's independence in 1947, has demanded greater political representation and jobs for its people. The government has accused it of unleashing a bloody campaign to terrorise its opponents, a charge denied by the movement.

Speaking at the weekend ceremony, Ms Bhutto promised to turn Karachi back to a "city of lights". She also defended the actions of the security forces and law enforcement agencies in arresting militants.

Human rights groups, however, have claimed that the security forces have been involved in a number of "extra-judicial" killings of MQM activists after they were taken into custody. The government has denied such charges.

Business credits the government action with improving public confidence, allowing greater numbers of people on the streets and generating rising occupancy rates in hotels. This is in sharp contrast to a few months ago, when fears over personal security forced people to stay at home from early evening.

In spite of the apparent calm, however, negotiations between the two sides to find a peaceful solution, which began last year, remain stalled. Islamabad has demanded that there must be a period of six months of calm before negotiations can start in earnest.

Karachi provides Pakistan with its most vital port facilities and is home to the head offices of a number of multinational corporations, banks and other businesses. The violence has dealt a severe blow to corporate and industrial activities.

The city has also been hurt by the absence of municipal leaders. Ms Bhutto wants to review the possibility of holding municipal elections this year, to transfer responsibility for local functions to elected members. Critics say the government would not dare for fear the MQM would win an overwhelming majority.

Fractious China resumes WTO entry talks

By Tony Walker in Beijing

China resumes negotiations in Geneva today on entry to the World Trade Organisation in a seemingly fractious mood, with officials warning it will not agree to major concessions.

The resumption of the WTO working party's deliberations coincides with a simmering argument with the European Union over removal of tariff concessions under its Generalised Scheme of Preferences for developing countries. Beijing is also furious about EU anti-dumping charges involving textiles.

Mr Li Zhongzhou, director general of the international trade and economic affairs department of the Ministry of Trade and Economic Co-operation, said that China "would not sacrifice" its own economic development for WTO membership.

"Some WTO members need to take practical attitudes and stop raising requirements that are impossible for China to meet," Mr Li, who is a member of China's negotiating team in Geneva, told the official China Daily Business Weekly.

In Beijing, a west European diplomat was "not too optimistic" about the latest round of WTO talks. "The Chinese hid appears to have lost momentum," he said.

Discussions in Geneva are expected to focus on China's offer to slash tariffs on 4,000 items to an average of 23 per cent from 35 per cent from April 1, but with time running out Beijing had not yet published its list of reductions for politically sensitive agricultural commodities.

The lack of information from China may indicate the government is having difficulty resolving internal arguments over meeting its own targets for tariff reduction on agricultural items. The European official said China's trade ministry, which is pushing for quicker liberalisation, appeared to be meeting resistance from other branches of the Chinese bureaucracy in arguing for greater concessions.

In another trade-related development, Chinese officials have been complaining loudly to representatives in Beijing of the European Commission over anti-dumping measures and removal of preferential tariffs on Chinese exports to the EU.

Under a modification to the General Scheme of Preferences known as the "lion's share rule", China lost its GSP benefit for chemical products, apparel and clothing, glass and ceramics from the beginning of this year.

In addition, GSP will be phased out by 1998 for Chinese imports of leather, furs, footwear and some other products. In all, it is estimated that 23.8 per cent of Chinese imports will lose GSP in 1996 and another 36.1 per cent by the end of 1998.

Europeans say GSP is aimed at helping poorer countries, but that in 1993 alone, China had almost 30 per cent of the total benefit of preferential imports.

China's latest complaints about anti-dumping investigations focus on a decision by the EU to investigate 30 companies accused of exporting unbleached fabric to Europe at below market prices.

Miss Denise Yue, Hong Kong's secretary for trade and industry, said yesterday unconditional renewal of China's Most Favoured Nation trading status was vital to preservation of confidence in the territory ahead of next year's handover, writes John Ridding in Hong Kong.

Speaking on her return from Washington, Miss Yue said she had been satisfied to hear US government policy supported unconditional MFN renewal this year. However, she said discussions with Congress indicated renewal would be more difficult because of strains in US-China relations and US election politics.

Hong Kong officials are concerned political and economic strains in US-China relations and Beijing's bellicose stance towards Taiwan could threaten trade in the region. Hong Kong believes revocation of China's MFN status could reduce the territory's 5 per cent trend annual GDP growth rate by up to half.

Pacific Rim harmony reigns in courtly Kyoto

By William Dawkins in Tokyo

Pacific Rim finance ministers spent yesterday discussing the problems and aspirations of a region representing half the world's economy. The 18 members of the Asia Pacific Economic Co-operation forum produced a communiqué devoid of tronblesome detail.

Japan and some east Asian neighbours may have got less discussion on more specific methods of stabilising exchange rstes, such as through enhanced central bank co-ordination, than Tokyo's more ambitious finance ministry officials had hoped.

But harmony, watchword of a grouping that seems to become more consensually Asian in style every time it meets, was more or less preserved. As so often in Apec, the meeting counted more than the message, a way of doing business that even its results-oriented English-speaking members have come to accept.

As officials repeatedly stressed, this was snpposed to be a helpful chat, rather than a negotiating session. It would in any case be unhelpful to force the pace of policy co-ordination among members of the world's most diverse and complex economic gronping.

Finance ministers on both sides of the Pacific fell in tune with Kyoto's courtly traditions and suppressed discord on all matters, financial and political.

The only exception was Malaysia, which took the role of blunt speaker, as its finance minister, Mr Anwar Ibrahim, reminded the US and Japan that the dollar-yen exchange rate was primarily s matter for them. Developing countries lacked the foreign reserves for such a hig task, he said.

A co-operative tone was set at the start of the session by China and Taiwan, which allowed itself to be renamed Chinese Taipei to avoid jarring sensibilities in Beijing.

To add to the harmony, the US stepped in and announced agreement with China to hold the first meeting of the US-China Co-operation Council in two years to try to relieve some of their multiple trade differeoces.

But behind the scenes the US went for some straight talking oo some of the continued prohlems in its trade relations with Japan.

In a private meeting to discuss hilateral matters with Japanese finance minister Wataru Kubo, Mr Robert Rubin, the US treasury secretary, expressed serious coocern over access to Japan's insurance market. Mr Kubo's response, according to a US official, was encouraging. So harmony did in the end prevail.

Ulster elections plan takes shape

By John Kampfner, Chief Political Correspondent

The British government is expected to finalise details this week on elections to a Northern Ireland forum to take place at the end of May and a referendum endorsing the principles of non-violence, perhaps as early as next month.

Officials said last night they were cautiously confident the details of the next phase of the political process were falling into place despite the continued refusal of the IRA to call off its renewed bombing campaign.

Unionist leaders and several Tory MPs reacted angrily over the weekend to the release of a joint Anglo-Irish consultation paper setting out the ground rules for all-party negotiations, which both governments have pledged to begin on June 10.

The document, they said, contained deliberate ambiguities on the vexed issue of IRA decommissioning and acknowledged virtual parity of status for Dublin to oversee the talks.

The Northern Ireland committee of the British cabinet is expected to discuss the details of elections to a forum for the province during a meeting tomorrow.

It is understood to be preparing to back proposals put forward by the Ulster Unionists, the largest party in the province, for an electoral system which would rely on the 18 seats used for Westminster elections.

Such a decision would have to be endorsed by a full session of cabinet, whose next scheduled meeting is on Thursday.

Officials made it clear that the UUP proposal requires only modest legislation, whereas the rival option put forward by the moderate nationalist SDLP party and the small Democratic Unionists would be more complicated.

As a concession to Mr John Hume, the SDLP leader, the British government is expected to agree to a referendum on the principles of non-violence and democratic resolution of Northern Ireland's political problems. This would take simultaneously in the north and south by the end of April.

Many of the details were considered at length by Sir Patrick Mayhew, Northern Ireland secretary, and Mr Dick Spring, the Irish deputy prime minister, during talks in Dublin last Thursday. The consultative document on the negotiations was released to the parties after being endorsed by the prime ministers on Friday.

British ministers are said to be working on a number of possible dates for elections, the most likely being May 30.

Mr Spring urged Unionists not to reject the latest proposals. Dublin was not seeking to play down the arms issue at the all-party talks. "We have made it very clear right from the start that decommissioning is a priority issue."

However, Mr Ken Maginnis, security spokesman for UUP, said the consultative document was "full of ambiguities" designed to "bounce" Unionists into discussions with Sinn Féin before the IRA arms issue had been properly addressed.

Need for capital pushes companies towards Anglo-Saxon mode of presenting accounts

What the chairman should have said

By Jim Kelly, Accountancy Correspondent

The chairman's statement is probably the most widely read part of the annual report and accounts. It is, unfortunately, often the least informative. Yet Europe's top 100 companies spend something like $60m on annual reports and accounts – not including substantial in-house costs.

Furthermore, a recent poll found that more than 60 per cent of UK senior managers list annual reports as their most useful source of information about a company. US research shows that institutional investors also take reports seriously.

Written well, the statement can be the key to a good annual report. "The chairman's statement *is* the annual report. The worse mistake that can be made is to write it last, as an embarrassing addendum full of cliche," says Mr Peter Clifton, editor of an annual review of European practice.

The review, entitled The Company Report Report, reveals a diverse picture. Annual reports (not including the statistical accounts) appear to come in all shapes, sizes and colours. Mr Clifton's review looks at the reports of 100 of Europe's top companies.

Take Compagnie Générale des Eaux, the diversified French utilities company, which this year produced an annual report 160 pages long – an improvement on last year's thumping 249, but still encumbered by an 18-page chairman's report. "Who will read this report – or even read parts of it?" asks Mr Clifton.

In contrast, take Abbey National's slip-of-a-thing at just 32 pages and a chairman's statement at a mere 1,400 words. The study ranks the companies by awarding a maximum of 1,000 points, 300 of which are for the chairman's statement. CGE comes in at 49th, Abbey National, the UK banking group, is 7th.

Improvements in reports have been most marked in mainland Europe

"The chairman's statement provides a unique opportunity for the leader of the company to explain his strategy and provide a sense of corporate direction," says Mr Clifton. His score should be 30 per cent of the company's score.

Mr Umberto Silvestri of Telecom Italia notches up 38 per cent of his company's, admittedly humble, score of 396. Mr Jan Timmer wins 37 per cent of Philips' 519, Mr Daniel Bernard 35 per cent of Carrefour's 509, and Mr Gérard Worms 35 per cent of Groupe Suez's 494.

In contrast, Mr Marc Viénot scored just 20 per cent of Alcatel Alsthom's 434. Lord Hanson managed 19 per cent of Hanson's 527, *Mr Giovanni Agnelli* 20 per cent of Fiat's 531, and Mr Ferdinand Piëch 20 per cent of Volkswagen's 499.

Not all chairmen make statements, and considering some of the poor performances listed above it may well be a smart move. Among the survey sample, 92 had a chairman's statement or letter – those who declined included Mr Hans-Jurgen Schinzler of Munich Re.

Statements from chairmen are getting better, Mr Clifton reports that they have become easier to read and contain more personal language. Despite some "oddities", most discuss the performance of the company as an introduction to the rest of the report – or as a resumé of performance and prospects for those who read nothing else.

They clearly play a part in the overall success of the report. This year's top six company reports were from Hoechst, Grand Metropolitan, Tesco, Bass, Société Générale and Allianz Holding.

Hoechst, the model, kicks off with an excellent chairman's report. "We want to give you an overview of our improving business performance, our efforts to modernise production sites, to train employees and to accelerate R&D activities." This is seen as simple, direct and specific.

The bad ones often have poor chairman's reports. Those at the bottom of the pile included *Generali Assicurazioni*, Munich Re, GUS and Dresdner Bank. Generali has no statement at all and is bereft of commentary. There is a page of summary which contains statements such as "the dividend per share amounts to Lire 360 (upped by 10 per cent considering the bonus increase of capital put through)", Mr Clifton and his fellow researchers would welcome an explanation of what this means.

But he does detect a gradual improvement in annual reports – and particularly those of mainland Europe. A clue to what is happening is given in the report of Dresdner Bank. "As alert readers you will notice that this annual report is different . . . the object was to adapt the report more closely to the common international format, especially as our foreign shareholders are growing in number."

Unfortunately for Dresdner Bank, it noticeably fails to deliver – and ranks 95th, with no overview or proper structure. But the motive behind change is clear. Just as the need to raise overseas capital is driving many European companies towards international accounting standards, so it is also pushing them towards the Anglo-Saxon model of the annual report and accounts. Although to be fair, this model is US rather than UK inspired, according to Mr Clifton.

UK reports are still, *however, the best, he says. They* have an average score of 569. (Norway is actually top with 617 but only has one company, Norsk Hydro, included in the survey). Italy is bottom at 321, with France 504, Germany 517, and Switzerland 534.

The importance of the chairman's statement in the UK context has been profoundly affected by the introduction of the Operating & Financial Review, which provides, in the best examples, a structured analysis of the company's own performance. But there is still room for the chairman to make a difference.

Ms Mary Keegan, director of professional services in Europe for accountants Price Waterhouse, says: "It is still a good place to give a view of the strategy of the company in the context of today's, or tomorrow's, political and economic environment."

Furthermore the chairman's statement may have a new lease of life as a safety valve in the corporate governance debate. Société Générale, for example, was one company which used the "question-and-answer" format for the chairman's statement. If such interrogations reflect what the shareholders would like to know, they may help fill the void left by anodyne annual meetings.

Bruno fight sets pay TV record

By Raymond Snoddy

British Sky Broadcasting last night claimed victory in the pay-per-view Tyson-Bruno battle as more than 600,000 UK homes paid to see the title fight broadcast from Las Vegas in the early hours of yesterday morning.

The satellite broadcaster believes that the first experiment in pay-per-view television in the UK has set a world record for the "buy rate" for the event – the percentage of those who decided to pay.

In the US, previous Mike Tyson fights have attracted subscription rates of around 6 per cent. A total of 14.4 per cent of BSkyB subscribers decided to pay for the world heavyweight title fight in which Britain's Frank Bruno *was totally outclassed. The* referee stopped the fight early in the third round after Bruno had taken a quick-fire succession of nine punches and slumped on the ropes.

The precise numbers of subscribers will be known in the next couple of days when the returns come in from the cable companies which also offered the event. First Sky estimates are that the total audience is likely to have been 4m-5m. Several thousand people subscribed to see the fight yesterday even after the result was known.

Mr David Chance, deputy managing director of BSkyB said last night: "This has exceeded all expectations and has clearly demonstrated there is an appetite for genuine value-for-money events. This is not to say that Sky is suddenly going to get heavily involved in pay-per-view. We had no choice with this fight but we are delighted that it was such a success." Subscribers were able to get the fight for £9.99 as long as they hooked before midnight on Friday night. The price then rose to £14.99. BSkyB believes the event was a success because of the relatively low prices – there was speculation that the price could be as high as £25. In the US the charge was $39.95 rising to $49.95.

Privatisation rules 'divert freight from rail network'

By Charles Batchelor, Transport Correspondent

Freight which could have been moved by rail is being forced on to the roads by government regulations intended to smooth the path for privatisation of the national rail network, freight operators said. The policy could be costing British Rail, the state-owned national network, more than £2m ($3.04m) a year.

Companies keen to use empty containers returning from international journeys to carry consignments on the final UK part of their journey are being told that this is prevented by privatisation rules for the freight businesses.

The problem has arisen because domestic container shipments have been reserved for one BR company, Freightliner, while international shipments, mainly through the Channel tunnel, are bandled by another, Railfreight Distribution. The government hopes to complete the privatisation of Freightliner, which is heavily lossmaking, within the next few months.

Business worth at least £2m a year to the freight railways is being turned away, according to one rail haulier. At the same time losses made by Railfreight Distribution are estimated to be more than double total revenues.

Shippers who try to cut costs by filling returning empty containers with a consignment for the final UK leg of the journey have been told that this is not allowed, said Mr Michael Terry, editor of European Freight Management, an industry newsletter. He estimated that up to 4,000 empty container movements a year were affected.

Railfreight Distribution, which will be the final part of BR's freight operations to be sold, said the rules restricting its operations to international shipments had been set by the government. "It is somewhat surprising that shippers did not know about this," a spokesman said. "Clearly some confusion has remained."

Any decision to provide a service by which Freightliner could take over the handling of returning international containers if a UK customer wanted to make use of them would have to come from Freightliner, he added.

'Wrangles' threaten region's prosperity

Economic success in south-west England is being threatened by "outdated wrangles" between the region's development organisations, says the Confederation of British Industry, our Bnsiness Correspondent writes.

The CBI warning, following a year-long analysis of the region's economy, says that 15 years of strong growth are oow at risk unless the south-west responds collectively to the challenge from other regions.

In a report recommending a series of measures to help safeguard prosperity and jobs - one of a series conducted throughout the UK regions - the CBI says that population growth, the decline of some traditional industry, poor transport infrastructure and weak regional identity are giving rise to serious concern.

The report says economic development bodies in the region have to agree on the common themes to be pursued. Co-operation, rather than competition, is required on strategic issues.

Mr Adair Turner, CBI director general, said antipathy between public and private sectors had to be put aside, creating o common partnership across local boundaries. The CBI believes improvements in the planning process are needed.

THE WEEK AHEAD

UK COMPANIES

■ TODAY
BOARD MEETINGS:
Finals:
Alliance Tst
Argos
Astec (BSR)
Brockbank
Bunzl
Doeflex
Edinburgh Oil & Gas
Glynwed Int
Hammerson
Kinta Kellas
MAID
Mayborn
Mid States
Pearson
Premier Oil
Royal Doulton
Select Appointments
Tekare
TT
VCI
Vitec
Wilson Bowden
Interims:
BCE
Gartmore Smaller Co's Tst
Manganese Bronze
Northern Leisure
Polypipe

■ TOMORROW
COMPANY MEETINGS:
Aukett Associates, 2, Great Eastern Wharf, Parkgate Road, S.W., 12.00
Shires High-Yielding Smaller Co's Tst, 41, Tower Hill, E.C., 12.00
BOARD MEETINGS:
Finals:
Albright & Wilson
Antofagasta
Appleyard
BSG Int
Claremont Garments
Clyde Petroleum
Dawsongroup
Delphi
Derwent Valley
Fisher (James)
Graham
Gus Carter
Hall Eng
Hampden
Instem
Kingsbury
Law Debenture
Metalrax
Metsec
Nelson Hurst
Nottingham Grp
Peek
Pemberstone
Persona
Psion
Rexam
SIGSecure Tst
Singer & Friedlander
Wellington
Whatman
Interims:
Adwest
Dorling Kindersley
Lucas
Paterson Zochonis
Roxspur

■ WEDNESDAY
MARCH 20
COMPANY MEETINGS:
Vardon, 29, *Gresham Street*, E.C., 10.00
Werd Hldgs, 82, New Cavendish Street, W., 2.30
BOARD MEETINGS:
Finals:
Beauford
Blenheim
Brandon Hire
Britannic Assurance
Canning (W)
Clinton Cards
Devro Int
Evans Halshaw
Exeter Pfd Cap
Flextech
Harrisons & Crosfield
Kleinwort Smaller Co'a
Kwik-Fit
Marley
Matthews (Bernard)
Newman Tonks
Richardsons Westgarth
Ropner
Sunleigh
Telspec
Trinity Int
Wassall
Weir
Interims:
Beazer Homes
Brunel
Hollas
Premium Tst
Town Centre Sec

■ THURSDAY
MARCH 21
COMPANY MEETINGS:
Domino Printing Sciences, Trafalgar Way, Bar Hill, Cambridge, 11.00
Warner Estate, Claridge's, Brook Street, W, 12.00
BOARD MEETINGS:
Finals:
APV
Abbott Mead Vickers
Applied Distribution
Bilston & Battersea
Blagden Inds
Bruntcliffe Aggregates
Cattles
Colleagues
Foreign & Colonial Inv Tst
Frost
Geest
Guinness
Hepworth
Invesco
Laing (John)
Manders
Midland Independent Newspapers
Mithras Inv Tst
National Express
Quality Software
REA Brothers
Rotork
Servisalr
Try
Interims:
Gleeson (MJ)
Meunders (John)

■ FRIDAY
MARCH 22
COMPANY MEETINGS:
Brunner Inv Tst, 10, *Fenchurch* Street, E.C., 12.45
Hill & Smith, Copthorne Hotel, Waterfront, Level Street, Brierley Hill, W. Midlands, 12.00
St David's Inv Tst, Queens Chambers, 2, North Street, Newport, Gwent, 12.15
BOARD MEETINGS:
Finals:
Anglo Pacific Res
Avonside
Schroder Split Fd
Wilson (Connolly)
Interims:
Eurovein
Fortnum & Mason
McBride

Company meetings are annual general meetings unless otherwise stated.

Please note: Reports and *accounts are not normally* available until approximately six weeks after the board meeting to approve the preliminary results.

DIVIDEND & INTEREST PAYMENTS

■ TODAY
Bear Stearns FRN 1996 $155.77
Daiwa Europe Bank FRN 2000 Y356520.0
Do 4½% Callable Nts 2000 Y2250000.0
Do 4½% Non-Callable Nts 2000 Y2250000.0
Do 5% Sb Nts 2005 Y2500000.0
Gold Int Fin Tranche B FRN 2002 Y291485.0
Do Tranche C FRN 2002 Y1196712.0
Hankyu FRN 1996 Y19037.0
Honda Motor 3.8% Bd 2001 Y380000.0
Honeywell $0.26
Japan Airlines 4.8% Bd Mar 1998 Y460000.0
Do 5.6% Bd 2003 Y560000.0
Jasmine Tranche A FRN 2003 Y1146849.0
Lloyds Bank Ser C Var Rate Sb Nts 1998 £167.98
MBL Fin (Curacao) 6⅞% Gtd Bd 2003 $68750.0
Do 7⅛% Gtd Bd 2005 $71250.0
NKK 5.3% Bd 1999 Y530000.0
Do 5.4% Bd 2000 Y540000.0
Nichimen Fxd/FRN 1998 Y275000.0
Nippon Light Metal 5.3% Nd 1998 Y530000.0
Do 5.6% Bd 2000 Y560000.0
Nissho Iwai 3.4% Fxd/FRN Bd 1998 Y340000.0
Santander Fin Iss Sb Var Rate Nts $4281.42
Sumitomo Chemical 6.35% Bd 1997 Y635000.0
Do 6.4% Bd 1999 Y640000.0
Do FRN 1997 Y16509.0
Sumitomo Realty 6.1% Nts 1998 Y610000.0
Do 6.15% Nts 1999 Y615000.0
Do 6.2% Nts 2000 Y620000.0
Do FRN 1998 Y16509.0
Tokai Fin (Curacao) Und Fltg Rate Gtd Nts Y1292896.0
Toyota Motor 5⅝% Bd 1998 $56.25
USDC Inv Tst 3.5p

■ TOMORROW
Birmingham Midshires Bldg Scty Fltg Rate Nts 2000 £163.94
Christiania Bank og Kreditkasse Rev FRN 1997 $1000.16
Marubeni Int Fin Euroyen Gtd Nts 1998 Y537152.0
NT & T 10¼% Bd 2001 C$102.50
Park Food 1.1p
Ransomes 5½% Cm Pf 1.925p
Taisei 2.7% bd 1998 Y270000.0
Do 3.05% Bd 1998 Y305000.0
Do 3.8% Bd 2001 Y380000.0
Toray 7.2% Nts 1998 Y720000.0
Treasury 11¾% 2001/04 £5.75

■ WEDNESDAY
MARCH 20
Asahi Breweries 7.3% Bd 2000 Y730000.0
Commercial Union 10¾% Gtd Bd 2002 £107.50
Coventry Bldg Scty FRN 1997 £166.08
Dai-Ichi Kangyo Bank 10% Gtd Nts 2001 $1000.0
Daiwa Europe Bank 4.8% Nts 2002 Y2400000.0
Enron $0.2125
Exchequer 10½% 2005 £5.25
Scottish Hydro-Electric 4.75p

■ THURSDAY
MARCH 21
Adelaide Bank FRN 1998 $15.45
Albion 1p
Bank of Ireland 9¾% Sb Bd 2005 £97.50
Eve 1p
Ford Credit Europe FRN 2001 £18.69
Leumi Int Invs Gtd FRN 1997 $306.49
SGW Fin 13¼% Gtd Nts 2001 A$331250.0
Tate & Lyle Int Fin 5¾% Gtd Bd 2001 £143.75
Do 5¾% Gtd Bd 2001 with Wrrnts £143.75
Welsh Water Utilities Fin 7⅝% Gtd Bd 2014 £78.25
Woolwich Bldg Scty FRN 1999 £166.27

■ FRIDAY
MARCH 22
Alcan Aluminium $0.15
American Int $0.065
Birmingham Midshires Bldg Scty Sb FRN 2005 £38898.63
Comm Loans on Inv Property (No 1) Class M1 Mtg Bckd FRN 2009 £190.32
Do M2 2009 £195.29
Crest Packaging 1.375p
Fosters Brewing A$0.05
Genbel South Africa R0.15
Jersey Phoenix Tst 1.25p
Landeskreditbank Baden-Wurttemberg 13% Nts 1996 L260000.0
Midland Bank Und Prim FRN (Sep 1985) $306.49
Northern Foods 3.5p
Rand Mines R0.10
SGW Fin Gtd FRN 1998 £18.79
Standard Chartered Und Prim FRN £83.91

■ SATURDAY
MARCH 23
European Inv Bank 11% Ln 2002 £275.0
Yorkshire Water 6¾% Snr Cv Bd 2008 £33.75

■ SUNDAY
MARCH 24
Asian Dev Bank 10¼% Ln 2009 £256.25
British Land 8⅞% 1st Mtg Db 2035 4.141p
Greenalls 11⅛% Db 2014 £5.75
Do 7% Cv Sb Bd 2013 3.5p
Int Bank for Reconstruction & Dev 9½% Ln 2010 £4.75
Spain (Kingdom of) 11⅜% Ln 2010 £293.75
Treasury 2½% IL 2001 £2.3809

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EAD

THIS WEEK

Hint of integrity lifts Japan's gloom

DATELINE

Tokyo: a new health and welfare minister *has distinguished* himself by tackling the haemophiliac Aids scandal, writes **Michiyo Nakamoto**

Japanese politicians have in recent years distinguished themselves more by disgraceful deeds than heroic accomplishments. Most people find it easier to recall the names of Japanese ministers who fell from grace after a scandal or a slip of the tongue than those notable for honourable achievements.

Naoto Kan, recently appointed minister of health and welfare, appears to belong in the heroic category. Kan, 49, from the liberal New Party Sakigake, has revealed qualities of leadership seldom seen in Japanese politics; redefined the role of cabinet minister; and let the public glimpse democratic government as never before.

In response to public calls for disclosure of information and for justice, Kan has forced the health ministry to reveal information on what lay behind the infection of 1,806 haemophiliacs in Japan with Aids-contaminated blood in the 1980s.

More, he has acknowledged the government's responsibility and apologised to the victims.

By doing so, Kan broke two sacrosanct rules of Japanese government. He violated the bureaucrats' privileged right to information, and he admitted they had erred.

The Aids scandal dates to the early 1980s, when Japan relied for most of its blood products on imports. As in France, which was rocked by its own Aids scandal several years ago, the Japanese health authorities for years did not heed warnings that untreated blood products risked Aids virus infection. In fact, untreated blood products infected 1,806 haemophiliacs with Aids, and has already claimed more than 400 lives.

In Japan, as in France, it is suspected that government officials had a role in delaying the use of treated blood products to protect domestic interests. It is no secret in Japan that the health ministry, pharmaceuticals companies and academics are often linked in an iron triangle sealed by money.

In 1983, the ministry had to choose whether to authorise treated blood products. As customary, it based its decision on the say-so of a study group comprised of supposedly disinterested specialists and headed by Takeshi Abe, a haemophilia specialist.

That year, a research organisation headed by Abe received donations totalling Y43m (£267,000) from pharmaceuticals companies, such as Green Cross, which marketed untreated blood products. At that time, Green Cross was headed by a former health ministry official, and has since employed several ministry officials in various posts.

"This is an unprecedented medical crime that stems from the cosy relationship between industry, academics, and the ministry of health and welfare," says Shoichi Nabatame, a doctor who has spoken repeatedly about the Aids scandal.

However, until recently those involved could claim they did not know of the risks involved in using untreated blood. For years, health officials insisted they could not locate records of the Aids study group's discussions which led to the fateful decision in 1983 not to authorise the use of treated blood.

The mysterious disappearance of the records which would explain why that decision was made, and who was responsible for it, also allowed the Japanese government to refuse to admit any responsibility for the disaster.

In France, a former prime minister and two former health ministers have been charged, and three doctors have been jailed for their part in the Aids scandal. In Japan, however, it would not have been surprising if, lacking the records, the scandal had been hushed up.

The case highlights how the obscure process by which government decisions are made, and the tight control that bureaucrats maintain over important information, make it especially difficult to hold government officials responsible for their decisions.

"In Japan, bureaucrats rather than politicians formulate policy, but they do not explain anything and they do not take responsibility," says Tsutomu Shimizu, a lawyer representing HIV-infected haemophiliacs.

The Japanese word for government officials, *okami* (those who are above, or superior) describes the traditional pecking order between bureaucrats and public.

But Naoto Kan has challenged that pecking order. Soon after taking office, he located the lost papers, which showed that health officials were aware of the risks of using untreated blood but had allowed Aids study team head Takeshi Abe to convince them not to authorise treated products.

In forcing the ministry to disclose information that shows its own guilt, Kan has demonstrated that he recognises the public's right to information. He *has also* provided an example for revolutionary change. If his lead is followed, the public would no longer be expected to follow the course laid out by bureaucrats unquestioningly, but could defy the bureaucracy and even obtain justice against the government. Cabinet ministers, as elected politicians, have an important role to play in all this.

Kan will be remembered for his contribution to the development of democratic government in Japan – a distinction few Japanese politicians can claim to share.

PEOPLE

Christie's figurehead

Lord Hindlip was groomed for the job, says **Antony Thorncroft**

Never lost for words: Lord Hindlip revels in the element of theatre

It is no surprise that Lord Hindlip is succeeding Sir Anthony Tennant as chairman of Christie's in May. The art world loves a lord, especially such a convivial one as Charlie Allsopp, as Hindlip was known for most of his 33 years at Christie's before succeeding to the family title in 1994.

Lord Hindlip was groomed for the job. His predecessors as chairmen, Sir Anthony and Lord Carrington, were outsiders, drafted in for their contacts and diplomatic skills, and to keep the seat warm for eight years to allow young Charlie time to acquire a few grey hairs.

As a colleague says: "He combines the old-fashioned Christie's qualities – he is socially active and well connected – with the newer attitude; a genuine passion for art".

Charles Hindlip started at the bottom, manning the front desk. He had the perfect background (Eton and the Guards) for dealing with time-consuming casual callers, convinced that what they had in a carrier bag was a long-lost important artwork. In those days, Christie's – and Sotheby's, its great auctioneering rival – were suspicious of over-educated Oxbridge types. Who you knew was more important that what you knew. The "what" could be acquired on the job.

Hindlip worked his way through Christie's departments, from pictures to New York to silver to valuations, and including a successful spell in charge of country house sales.

With his own property near Hungerford to manage, he knew at first hand the estate problems facing old money, and was able to negotiate for Christie's the dispersal of the contents of such important houses as Belton, Elveden and Reddish, home to Cecil Beaton.

But it was as an auctioneer that Charlie Allsopp made his mark. He is especially good at coaxing yet another bid from a bemused collector at a black-tie evening sale of Impressionist art. An eyebrow quizzically raised, a disarmingly throw-away smile . . . and suddenly he has painlessly squeezed out another £100,000 ($153,000), or even another £1m in the case of Van Gogh's *Sunflowers*, which he sold to Japan in 1987 for £25m. At the time, that figure was three times more than any other work of art had fetched at auction.

Even if a sale proved a disaster, Charlie was ready to open the champagne and give a frank post-mortem on the state of the market and the quality of the works on offer.

Although obviously dedicated to the firm, he has never seemed happy with the hype that is blanketed across often mediocre pieces. In looks and behaviour there is something of the naughty schoolboy about him. He mixes with everyone and is popular with staff. He makes his colleagues laugh.

Lord Hindlip also makes auctions fun. He is never lost for words, revelling in the element of theatre. Even when he becomes chairman he will still take to the rostrum for high-profile sales. But most of his work will now be in committee. He will not exactly run Christie's. That remains the job of chief executive Chris Davidge who, in contrast to most of his board, is as self-made as they come.

The two men have formed a close relationship. Hindlip backed Davidge when some Christie's directors were wary about handing over too much power to someone who started out below stairs, in the print shop. Now Davidge has eased Hindlip into the comfortable position of company figurehead.

It should suit him well. Hindlip will exercise his charm on the real problems facing Christie's: the fact that Joe Lewis, a foreign exchange dealer and burgeoning antique collector, has bought almost 30 per cent of the shares; and that the European Union in Brussels is constantly suggesting new taxes which would threaten London's position as the leading European centre of the world art trade.

Hindlip will also be expected to make sure that Christie's continues to attract the big collections. "Year in year out, Charlie has been our most effective business-getter," says a colleague. That is where contacts help. Christie's has always been a more aristocratic saleroom than Sotheby's. Many of the noblest families have been selling off their treasures there for centuries.

While Sotheby's, which is owned by shopping mall magnate Alf Taubman, becomes ever more American, Christie's is now headed by three Englishmen who between them account for almost a century of service to the firm: Hindlip, Davidge and the Old Master expert Noel Annesley.

Distinct battle lines have been drawn between the two dominating auction houses, and now that they have mutually decided this season to compete on service so as to secure the best stuff, rather than persevering with the cripplingly competitive under-cutting of commissions, personalities will be much more important.

The traditional posture of Christie's may well reassure British clients, but these days art is a wholly international business, with the biggest players overseas, notably in the US.

It remains to be seen whether English insouciance and style (Christie's) can compete with American go-getting (Sotheby's) as the art market continues its recovery from recession.

NAMES IN THE NEWS

LeBow pops up again and aims for RJR Nabisco

Bennett LeBow, the corporate raider who controls Liggett, the smallest US tobacco company, cuts an unlikely figure as the hero of the anti-smoking lobby, *writes Richard Tomkins in New York*. But that is how he has emerged after blowing a hole in the US tobacco industry's previously united front against anti-tobacco litigation.

LeBow, 58, popped up seemingly from nowhere when he bought shares in RJR Nabisco, the US tobacco and food group, and started lobbying for an immediate spin-off of the food business. Many believe that his ultimate intent was to engineer a merger between the remaining tobacco operations and the comparatively tiny Liggett.

In fact, the Nabisco raid was far from LeBow's first. He has a long history as a buyer and seller of companies, usually ailing ones. He was at his most active in the 1980s, when his acquisitions included Liggett from Britain's Grand Metropolitan, a US jewellery business from Britain's Johnson Matthey, and Western Union, the US money transfer company.

In the process, LeBow has gained a reputation for living lavishly at the expense of the companies he controls. Three years ago, shareholders in Brooke Group, the quoted holding company which is LeBow's primary investment vehicle, filed a lawsuit claiming he had taken more than $20m out of the company in unrepaid personal loans. LeBow later paid off the loans, with interest.

Now he is trying to swing his biggest deal. His out-of-court settlement with anti-tobacco litigants is, of course, a smokescreen for his real objective: to seize control of RJR Nabisco. If he succeeds, he will present an interesting paradox: a man who gave up smoking 30 years ago, controlling the second biggest tobacco company in the US.

Artom links up with Sinfonia

Arturo Artom may be young – he is 30 tomorrow – but he has built a big reputation as a crusading liberaliser in Italian telecommunications, *reports Andrew Hill in Milan*.

It was Artom who launched a challenge to Telecom Italia two years ago when he was chief executive (and founder) of Telsystem, a small company with 10 employees which wanted to lease lines from the state-controlled telecoms operator and offer "virtual" telephone networks to business clients using Telsystem's communications nodes.

Telecom Italia's resistance to Telsystem's demands was finally broken after 18 months, when the courts and – decisively – Italy's anti-trust authority agreed with Artom that the state-controlled group had abused its dominant position and broken EU rules.

The Telsystem episode showed that Artom was not only a competent technician, but a stickler for the small print of EU rules and a dogged campaigner with an eye for press coverage. Those qualities should help him in his new role, announced last week, as head of Sinfonia, part of the Olivetti-Bell Atlantic telecoms joint venture Infostrada.

The job puts Artom back on familiar ground as tiny challenger to Telecom Italia, this time in long-distance voice telephony. From June, Sinfonia aims to offer business clients links between the main Italian cities. Artom can rely on EU regulations which, thanks to the Telsystem rulings, have now been taken into Italian law.

Eventually, the new service should have the heavyweight backing not only of Olivetti and Bell Atlantic, but of France Télécom and its allies Deutsche Telekom and Sprint, which plan to join Infostrada.

Mancuso tries to keep control of the lion

For Frank Mancuso, the worst outcome to the international auction of Metro-Goldwyn-Mayer, launched last week, would be the unravelling of three years' hard labour at the venerable studio, *Christopher Parkes writes from Los Angeles*.

The 62-year-old chairman, armed with an estimated $2bn from French finance house Crédit Lyonnais, MGM's last corporate proprietor, has made a brave stab at shoving the stuffing back into MGM's moth-eaten old lion.

This cannot have been easy at a company which had the misfortune, in its declining years, to stumble into the path of corporate raider Kirk Kerkorian, eventually passing into the possession of Crédit Lyonnais.

Drawing on connections and experience won in his previous incarnation as boss of Paramount, Mancuso has regenerated movie-making at MGM Pictures and United Artists – currently on a roll with the likes of *Get Shorty* and *Goldeneye* – re-started television programme-making, and pulled together the beginnings of a multimedia business.

Trouble is, film-making talent is a highly mobile and volatile commodity. Now, even as prospective bidders await their Lazard Freres prospectuses, suspicions are mounting that the Consortium de Réalisation, which nominally owns the MGM assets, might get more by selling off the bits.

Despite past pillagings, MGM owns or expects to claim back the rights to many world-hit movies and TV programmes: the software much in demand as telecoms, cable, satellite, broadcasting and computer concerns start to battle for the global couch potato market.

But Mancuso, an uncommonly low-profile operator not given to peacockery, wants to remain in charge of the integrated group he has so painstakingly regenerated. Preferred option number one is to stay on under a new, beneficent owner. Number two is to round up backers for a buy-out.

Robert Chote · Economics Notebook

An overdraft with a difference

The IMF wants a new allocation of special drawing rights, but many believe such assistance is not an efficient way of targeting help and question its role in the modern world economy

Around 300 invited academics and economic policymakers will gather at the International Monetary Fund today to discuss one of the most arcane phenomena in global economics. Invented in 1967, the "SDR" was supposed to help keep the world safe from depression. But so obscure is it now that when asked recently what an SDR was, one British undergraduate economist could only guess that it was some sort of contraceptive.

In fact, SDRs are "special drawing rights". Often described as quasi-currency or "paper gold", SDRs are, in effect, IMF overdraft facilities which allow central banks to borrow foreign exchange reserves at market interest rates. One SDR is worth about $1.50, and countries around the world hold about $30bn worth in total. Originally they were issued to each nation in proportion to its "shareholding" in the fund.

The SDR was very much a creation of its time. It was designed in an era of fixed exchange rates to help countries get through temporary balance of payments problems relatively painlessly. If countries could get access to extra reserves in times of need, they were less likely to restrain imports by erecting trade barriers or adopting policies to slow economic growth.

The IMF still formally aspires to see the SDR become the "principal reserve asset" of the world financial system, supplanting the US dollar. But opinions among academic economists differ as to what, if any, role the SDR has in the modern world economy. The conference will discuss just that.

It is tempting to dismiss these cogitations as an anachronistic exercise in academic navel-gazing. But at the IMF's annual meeting in Madrid in 1994, debate over the future of the SDR caused a damaging conflict between the industrialised and developing countries which has yet to be resolved.

The IMF wants a new allocation of SDRs. It believes that global demand for reserves has risen and will continue to do so because of expanding world trade and greater international capital transactions. Following the last allocation in 1981, SDR holdings have fallen steadily relative to world trade.

Opponents of a fresh allocation argue that the world as a whole has *less* need of reserves now because fewer countries are defending fixed exchange rates. Relatively small changes in interest rate differentials are also sufficient to protect reserves from adverse current account changes by prompting short-term capital inflows.

But economists have crunched the numbers and on balance find little evidence that demand for reserves has fallen, or that the factors determining it have changed. The anti-SDR camp is on stronger ground pointing to changes in the ways that reserves are supplied.

After the second world war, fears of a liquidity shortage centred on the size and distribution of the world's stock of gold. These worries were forestalled in the early 1960s when the US balance of payments deficit enabled countries to fill their reserves with US dollars.

But, as Robert Triffin observed, this could not last. To maintain a healthy supply of reserves for the rest of the world, the US balance of payments would have to stay in deficit. But that would have increased the supply of dollars relative to US holdings of gold, undermining confidence in the convertibility of dollars into gold and diminishing the US currency's appeal as a reserve asset. Recognition of the Triffin dilemma was a spur to the creation of the SDR. But by the late 1970s, creditworthy countries found they could satisfy their need for reserves by borrowing on the international capital market: between 1969 and 1979, for example, the eurocurrency markets expanded more than 20-fold.

The ability to borrow reserves has demolished the case for issuing SDRs to forestall a "global liquidity shortage". But it has also undermined the industrialised countries' favourite argument against another allocation – namely, that it would push up inflation. Most of any "general" allocation – one in proportion to countries' shareholdings in the fund – would go to creditworthy countries with no use for it. This would have little impact on world demand – like giving a second American Express card to people that already have one.

The case for issuing SDRs therefore rests on the needs of those countries which are not creditworthy, and which are unable to borrow reserves in the capital market. In recent years, many developing countries have been forced to compress their imports because of the state of their reserves, locking themselves into a vicious circle of low growth and low investment.

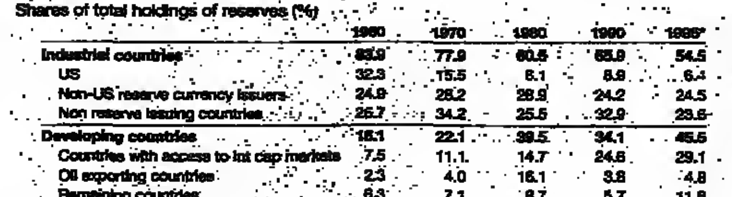
But providing assistance through an SDR issue would not necessarily be an efficient way of targeting help, because those countries with the greatest reserve constraints are not necessarily those with the poorest citizens. More fundamentally, critics argue that using SDRs in this way provides countries with unconditional aid, rewarding them for their lack of creditworthiness rather than offering them an incentive to improve their policies.

Professor Alec Chrystal, of London's City University Business School, argues that poverty relief is simply not the job of a monetary institution like the IMF. "No one believes that we can eliminate poverty by printing more money, not even if the new money created is first given to the poor", he says.

Maybe so, but the problems the World Bank has had raising money for its soft-loan arm suggest that there may be a case for using an SDR allocation if that would be less politically contentious. The industrialised countries grudgingly accept the case for issuing SDRs to developing countries, largely to secure them for transition economies which so far have none.

This week's conference will not resolve the SDR debate, but might usefully recognise some key points. First, there is no case for an SDR allocation to meet a global liquidity shortage. Second, the SDR is never going to become the world's principal reserve asset. Third, there is a case – albeit not strong – to use an SDR allocation to help developing countries. Fourth, a general allocation only really affects non-creditworthy countries, so there is no need to have a "special" allocation for them which would demand the approval of national parliaments. And fifth, a general allocation would have to be enormous to pose any serious inflationary risk.

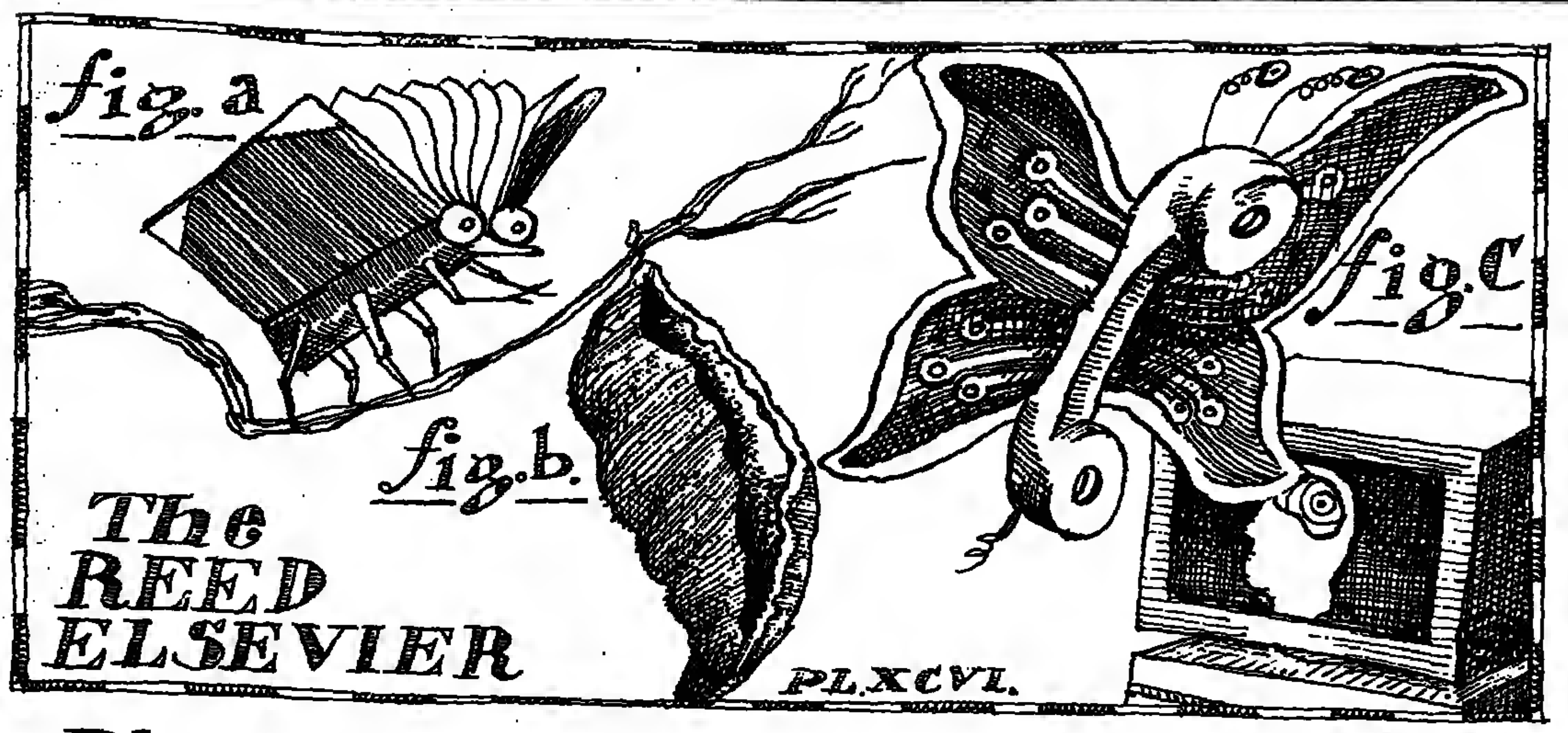
The SDR: not what it used to be



Shares of total holdings of reserves (%)

	1960	1970	1980	1990	1995*
Industrial countries	83.9	77.9	60.5	65.9	54.5
US	32.3	15.5	6.1	8.8	6.4
Non-US reserve currency issuers	24.9	28.2	28.9	24.2	24.5
Non reserve issuing countries	26.7	34.2	25.5	32.9	23.6
Developing countries	16.1	22.1	39.5	34.1	45.5
Countries with access to int cap markets	7.5	11.1	14.7	24.6	29.1
Oil exporting countries	2.3	4.0	16.1	3.8	4.8
Remaining countries	6.3	7.1	8.7	5.7	11.6

Source: International Monetary Fund * third quarter



Play them at their own game

Reed Elsevier says the Net provided the required impetus to kick-start its electronic publishing projects into action, reports Raymond Snoddy

This week Reed Elsevier, the Anglo-Dutch information group, launches an electronic online version of *Estates Gazette*, a publication which has been arriving in the offices of estate agents for more than 100 years.

The new electronic business magazine will be sent to 20 large London estate agents to start with, but a full launch is planned for June.

Apart from normal news items, the electronic *Estates Gazette* will offer background information held on a database, such as profiles of the main players in the industry and legal advice drawn from Butterworths, a Reed legal publishing company.

"The challenge for the publisher is to work out all those pieces of information that are going to be relevant, even down to share information," says John Mellon, the Reed Elsevier executive in charge of business-to-business publishing.

The launch of the online magazine is one example of the group's response to the threat posed by the Internet to many of its information businesses – in particular, its world-leading role as publisher of scientific journals.

Forbes, the US business magazine, last December questioned whether Reed Elsevier, which last week announced a 19 per cent increase in pre-tax profit for 1995 to £733m, might be the Internet's first victim. Reed's share price dropped as a result.

Reed Elsevier concedes that it must act in the face of Internet competition. In fact the company is now using the Internet to speed up production of its scientific journals and promote them around the world.

"What it did [the current interest in the Internet] was to give an enormous kick-start to the activity and experimentation that was already going on in our company," says Ian Irvine, co-chairman of Reed Elsevier. He says the company has been in the online business for 17 years, and some of the fruits of its experimentation can already be seen. The group has recently launched *New Astronomy*, its first scientific journal to exist only in electronic form.

The company's Web site carries Elsevier Science Tables of Contents – giving access to the table of contents of more than 900 primary research and review journals over the Internet.

The company has also launched Tetrahedron Alert: an electronic warning system that lets subscribers know what is going to be in the hard-copy version of the journal four weeks in advance of publication. And Tetrahedron Letters, a group of journals, provides information for all organic, bio-organic and medicinal chemists.

Tetrahedron Letters comes out at least two or three times a week so it's a constant stream of information," Irvine says.

The process of verification of the quality of articles submitted for publication has also been speeded up because they are now sent round the world for "peer review" on the Internet.

Reed Elsevier publishes about 1,200 journals, all available electronically. It estimates that the next six big scientific publishers, including the American Chemical Institute, publish more than 1,000 between them. A further 78,000 scientific journals are published around the world.

"That's what will go on the Internet – crap – and they can have them," Irvine says defiantly. "We are pretty confident, and all our research backs this, that a $6,000 subscription to Tetrahedron Letters by a chemist is something that he regards as being very important to his livelihood and it's a very small part of his library spend, of his institutional spend in terms of information."

Irvine says it is theoretically possible for a scientist to organise an electronic journal complete with peer review to undercut traditional journal publishers, but believes this is unlikely to happen in practice.

"Scientists are scientists and publishers are publishers," he says. Subscription renewals for Reed Elsevier journals are still running at "higher than expected rates" with no sign of a downward trend, he adds.

Last year Elsevier Science, the main journal division, saw a 12 per cent increase in operating profit on sales up 8 per cent. According to Reed Elsevier, there is even a trend towards increased charging for scientific journals.

Reed Elsevier believes the challenge is to create a "critical mass of content" to serve communities of interest such as lawyers, scientists or journalists. This, according to Nigel Stapleton, who is finance director and in charge of electronic publishing at Reed Elsevier, should be followed by "indexing and sorting out garbage from the really relevant information".

The challenge would include providing a wide range of relevant information to specialists, so that neurologists, for example, would not just have one journal but access to everything that deals with neurology, including *The Lancet*, the medical journal also owned by Reed Elsevier.

If that integration process is carried out well, Stapleton believes that Reed Elsevier, far from being the first victim of the Internet, might be able to transform itself from "a dull, boring, successful hard-copy publisher to a more interesting and potentially higher rated technology company".

Tim Jackson

Voices in the ether spook phone industry

Earlier this month, the US Federal Communications Commission received an extraordinary request. ACTA, an association of 130 American long-distance phone companies, asked the FCC to stop companies from selling software and hardware that allow the Net to be used to carry long-distance phone calls. The request represents a startling about-turn from the attitude of most phone companies only a few months ago, when they laughed off Net-based phone services as a latter-day equivalent of citizens' band radio.

Last summer, when the technology for turning speech into digital data and sending it at high speed across the Net was rudimentary, the phone companies could be forgiven for their complacency.

One speaker had to wait until the other had finished speaking, and sound quality was poor – it was more akin to chatting over a pair of toy walkie-talkies than on the telephone.

During the past six months, however, the software industry has pushed the technology forward at high speed. Compression has increased, so high-quality voice signals can be carried well within the bandwidth of a $100 (£65.30) computer modem. That has made Net conversations less gappy, and eliminated much of the satellite-style delay.

The range of people to call has also broadened. Last year, conversations could only take place between two Net users sitting in front of their separate PCs. At least two new services will soon be available online that allow Net users to call a phone anywhere.

Until this week, though, Net telephony faced a daunting obstacle: incompatibility between different Net phone services. PC and Macusers could not talk to one another. Nor could the owners of different telephony software products. On March 13, that problem evaporated. Microsoft and Intel revealed a new set of communications standards – a "dial tone for the Internet" – which will support video as well as audio, and which arrange for the urgent live traffic of call data to travel more quickly across the Net than the less urgent traffic of pictures for Web pages. Scores of companies have already signed up. Three months from now, the standard is likely to be universal.

The arrival on the scene of the computer industry's two heavyweights is a sign that they are taking the technology seriously as a mainstream computer application. Both Microsoft and Intel are pushing for standards because they believe Net voice and video could become so attractive that they drive sales of computers, processors and operating systems.

During the second quarter of 1996, Netscape plans to introduce telephony features into the next release of its Navigator browser. Microsoft promises similar features in its Explorer browser. But the smaller software companies have come up with the most innovative ideas to add value to Net telephony. FreeTel, a Silicon Valley company, is giving a phone package that pays for itself by showing advertisements on the caller's computer screen. Voxware of New Jersey has a product that offers a catch-up facility, so a participant in a phone conference can take a few minutes out and then hear the conversation speeded up, but still sounding natural, until it becomes live again. With such ideas floating about, phone companies are right to be worried.

In the short term, the complaint to the FCC is likely to provoke some interesting arguments. ACTA claims that it is unfair to exempt Internet access providers from the charges that long-distance phone companies pay for access to local phone companies' networks. It describes the carriage of voice as an "abuse" of the Net.

The Net phone industry, in response, insists that the demand for regulation is incompatible with the 1996 Telecommunications Act's promise to "preserve the vibrant and competitive free market that presently exists for the Internet".

A coalition has been formed to lobby the FCC to resist the phone companies. It has attracted 1,000 individuals and companies to a special electronic mailing list in less than a week.

In the long term, one thing must be clear. Regulators and telephone companies may wish to preserve the cross-subsidies in the system which keep line rentals down for the poor by inflating the long-distance charges paid by the rich. But technology is eroding their room for manoeuvre. To the Net, digitized voice signals are only another kind of datapacket to be handled in identical manner to words or pictures.

There will always be room to charge premium prices for carrying such data with high reliability or speed – but it will not be possible to sustain a ten-fold disparity between the cost of carrying a megabyte of phone call and a megabyte of Web page. If they wish to survive into the next century, phone companies should give up the idea of having Net telephony outlawed. It would be about as sensible as banning fax machines on the grounds that it is the job of post offices job, not phone companies, to carry letters.

Phone companies should recognise that the "plain old phone system" has huge advantages in ease of use and quality. Building on those as prices fall, and looking for opportunities to profit from the new infrastructure required on the Net, should be their recipe for survival. *http://www.pobox.com/~tim. jackson*

Silicon Alley promises even more than creative whimsy

By Lisa Bransten in New York

The bright pink Apple Macintosh at the entrance to Rodney Alan Greenblat's loft in New York's hip SoHo district is a good indication of the eccentricity that wafts round his new company, the Center for Creative Whimsy.

Greenblat, 35, was among the hottest artists on New York's now-faded East Village art scene. Now he designs interactive toys in the front part of his SoHo home.

Creative Whimsy is one of hundreds of tiny businesses that have appeared in lower Manhattan to create toys, magazines and content for online services and the Net.

In the 18 months since the New York New Media Association was founded, membership has climbed to nearly 2,200. Brian Horey, venture capitalist and a co-founder, estimates that those members represent as many as 1,500 new-media companies.

The best US computer technology development will probably always be concentrated in California's Silicon Valley, he says. But creatively "there is more happening [in New York] than anywhere else".

There is a touch of boosterism in that, but also some truth to Horey's claim that the new-media content business is taking off in New York as the city "has the deepest and most diverse pool of intellectual capital anywhere in the world".

Greenblat is only one of those who have converted to the interactive scene from traditional arts and media forms. Others from music, theatre, publishing and advertising are also trying their hand at interactive businesses.

Indeed, lower Manhattan now has a "Silicon Alley", from 23rd Street through SoHo. And Silicon Alley is not just hype. It is attracting the attention of venture capitalists across the US, as well as media behemoths such as Time Warner, News Corporation and Viacom.

"The smoke to fire ratio is decreasing dramatically," says Eric Goldberg who, as the founder of seven-year-old Crossover Technology, is a veteran of New York's interactive media scene.

Silicon Alley is growing, partly because investors smell money in the Net. Technology companies such as Netscape Communications, which makes Net software, are trading at astronomical multiples of tiny or non-existent earnings. That has led to the belief that content providers may prove a wow on the equity market as early as next year.

Few profess to know exactly how the money will be made. Very few apart from online companies like America Online have managed to convince consumers to pay for more than basic access to the Net.

But Crossover, maker of online games and interactive products, is unusual in the Net content world because it has turned a profit for two years (even though its earnings have come primarily through partnerships and royalty arrangements with online services and media groups such as Time Warner and Viacom).

There is debate about whether Net profits will ultimately come primarily from subscribers, in a business resembling cable television; from advertisers, in a business closer to broadcast television; or from elsewhere.

That is one reason the investor community has focused on infrastructure companies – including software makers, Net access providers and others helping consumers get online – that actually sell products or services.

Venture capital is only a trickle when it comes to content providers. But that does not mean big venture capitalists are uninterested.

Kleiner Perkins Caufield & Byers, a California venture capital firm among the biggest and oldest in the US, is investing very carefully.

"We are in there with three or four Internet content companies, but we're not rushing to make six more investments this quarter until we really have a better handle on how to make money in this business," says Joe Lacob, a general partner at Kleiner Perkins, which has about $1bn (£600m) under management.

While the technology companies may be surer investment bets just now, observers anticipate explosive growth for content providers.

Fred Wilson, general partner with the venture capital group Euclid Partners in New York, sees content businesses as analogous to cable television, where the makers of the set-top receivers made money but not as much as MTV, the pop music channel, or ESPN, the sports channel.

"If you really want to make 100 times your investment, you've got to be investing in the brands, and that means investing in content," he says. On the other hand, Euclid, with $100m under management, has invested very little so far in content start-ups.

Another source of funding for content providers is the online services companies. In the race to distinguish their services from the Net, these companies have invested millions in creative people.

Since mid-1994, America Online has committed tens of millions of dollars to its AOL Greenhouse project, which gives entrepreneurs seed money to create AOL material, says Danny Krifcher, who oversees content development.

AOL intends more substantial joint ventures with content providers. Last spring it put up $2m to help a group of media and marketing veterans in New York form iVillage, which plans to create five channels on AOL and the World Wide Web. The first, a forum for parents called Parent Soup, was launched in January. AOL plans to open offices in New York and Los Angeles later this year.

Perhaps New York's Silicon Alley will lose out to Los Angeles or another cyberspace neighbourhood. Rodney Alan Greenblat saw the East Village art movement die away, and thinks Silicon Alley may be razed, too. "This is even more volatile because technology is involved," he says. "[Things] could be totally different in six months."

But there is an increasing amount of money betting he is wrong.

Cyber sightings

● Fidelity Brokerage, the discount stockbroker, has put up an excellent site (*www.fidelity.co.uk*) which is a model: comprehensive in its content and highly user-friendly. Straightforward explanations of services and a helpful glossary of terms make it useful both to first-time and experienced investors.

The firm says that in the US, one in 10 new enquiries comes through its Web site, so it has justifiably high expectations of this service for European clients. It also plans to expand on-screen dealing with a link to its Virtual Vision system later this year. Very nifty.

● Trusts on the Internet (*www.trustnet.co.uk*) has free information on UK-registered investment trusts and other offshore investment companies, along with daily indices and world exchange rate details.

● The healthy glow of the Bupa site (*www.bupa.co.uk*) might be a tad out of place if you're surfing at 4am, but it's a nicely designed site with good graphics, a health quiz and diet tips. If you're into that sort of thing.

● The graphics-rich *www.pepsi.com* is one of those that are either way cool or too clever by half – you know the sort. It says you can win $25,000 and a trip to Florida by finding a hidden hotspot. Good luck . . .

● The site put up by Philip Alexander Securities and Futures is nicely laid out, with a strong, authoritative colour scheme, and is easy to navigate around (*www.bo-go.co.uk/ecu/pasf/home.html*). Plenty of information available on the firm's areas of expertise.

● For well-organised data covering Russian companies and banks, check out *www.cmn.ru* – a site which offers facts and figures relating to nearly 200 important Russian public companies.

MANAGEMENT

Mark Suzman on the challenges for executives and non-executives of running modern charities

Oxfam: sharing a heavy burden

On any impartial ranking of challenging managerial jobs, running a £100m company that includes a retail operation with 840 outlets and joint ventures with 3,600 partners in more than 70 countries would probably rank pretty near the top.

Add the fact that income is inconsistent and also includes donations, gifts, and a mixture of domestic and international government contracts with complex requirements; that the company is dependent on the goodwill of 30,000 volunteers who could cease work without notice; and that market fluctuations are such that the organisation requires a permanent capacity to double output at short notice, and you might have some idea of the tasks facing Oxfam, the campaigning anti-poverty charity.

"It's much more difficult running Oxfam than running any commercial organisation of equivalent size," observes Joel Joffe, Oxfam's chairman, who, as one of the founders of life assurer Allied Dunbar, ought to know. "It's an enormously complicated organisation."

In the past, these complications were exacerbated by the organisation's cumbersome governing structure. Reflecting its origins as a small, informal charity and the activist character of its members, Oxfam had an unwieldy governing council of 50, an executive committee of 15, and no fewer than 16 different board committees overseeing various activities.

"Quite apart from issues of governance it meant that simple day-to-day management decisions for the organisation were increasingly difficult to make and implement," admits David Bryer, Oxfam's chief executive.

With cracks showing, in 1991 Oxfam called in the Compass Partnership, a consultancy group, and embarked on a significant restructuring. The challenge was two-fold: first, how to harness the group's diverse range of activities into a cohesive structure, and second how to ensure satisfactory systems of monitoring and accountability were put in place to prevent fraud and ensure that resources were being deployed as effectively as possible.

Following an extensive study, the board decided to scrap all its committees and slimmed the number of trustees from 50 to 22. At the same time, it was decided that board members should stop any day-to-day involvement in management and concentrate on developing and monitoring the organisation's policy, mission and strategy.

"We changed the emphasis so that trustees would become focused on the end results rather than the process," observes Joffe, who was involved in the review. "We felt governance is not a task you carry out by walking on the shop-floor and we had to get rid of all activities which diverted from the primary aim of ensuring accountability."

At the same time, there has also been a deliberate move to recruit trustees that have skills that are of use to the charity and reflect the wide range of its operations. "We have developed a very careful selection process," says Joffe. "We don't want to end up with 20 businessmen or 20 volunteers. We need a diverse board that is supportive, effective and sets the agenda with clarity."

Concurrently, management was split into four main divisions, all of which would operate under the guidance of the chief executive (who is not a voting member of the board). These were: international, comprising all programmes and policy; marketing, which included fundraising, communications and campaigning; trading, which involved the charity shop operation and management services, which focused on finance, information technology and internal administration.

Running through the entire process was an implicit emphasis on the professionalism of management. Reflecting this, three of the four new divisional heads were recruited from outside the voluntary sector (as have many of the new hires since, particularly in the increasingly sophisticated marketing department).

In addition, to prevent the recurrence of capacity problems which followed surges in income and projects after the Cambodia crisis in 1979 and the Ethiopian Famine in 1984-85, a permanent emergency team was set up, ready to take action should the need arise.

"As important as the structural change was the way in which we worked," notes Bryer. "We've got much better project management in place across our divisions."

Inevitably, there have been some problems with the new system. Bryer admits that subordinating personnel management into management services in an industry that is overwhelmingly dependent on people was short sighted and caused some resentment. To correct that a separate human resources division has now been created to work alongside the other four and a new manager recruited to run it.

Nevertheless, the new system has already proved its worth. In trading, for example, the charity has managed to reverse a downward trend in shop income despite an increasingly crowded market. More notably, in Rwanda, the new Emergency team was able to co-ordinate the charity's divisions in raising money and then providing shelter, clothing and water for nearly 2m refugees following the 1994 genocide.

"It has all proved very successful," notes Bryer. "We've also been able to set up systems that monitor how effective individual projects are so we can establish best practice for future initiatives."

And perhaps more importantly, at a time when many other charities are complaining bitterly about a drop off in donations due to the National Lottery, Oxfam is expecting a year-on-year increase in income of 4 per cent for 1995-96.

According to Peter Vicary-Smith, a former McKinsey consultant who is now Oxfam's head of appeals, that trend should continue. "The changes [from the restructuring] were fundamentally necessary, and have done a lot of good," he argues. "I don't want to sound complacent because there are still huge challenges ahead, but in an environment where donors are demanding ever greater efficiency and accountability from charities we're now very well placed."

Even that may not be enough for a group whose mission statement requires it to do no less than "relieve poverty, distress and suffering in any part of the world", but it is certainly a start.

Trustees: under the spotlight

Traditionally, being invited to act as a charity trustee was regarded as an honourable but relaxed job – worthy, interesting, but not too demanding.

That has started to alter as the wind of change that has been blowing through the public and private sectors on issues of governance and accountability starts to gust through the voluntary sector as well. "Trusteeship has started to come under much greater scrutiny," admits Stuart Etherington, chief executive of the National Council for Voluntary Organisations. "There is growing pressure on members of charity boards."

Part of this is due to the growing professionalism of charity management over the past decade. "We're moving from a perception of well-meaning amateurs to volunteer professionals," observes Godfrey Jackson, managing director of Craigmyle & Co, a charity consultancy. "As a result, charities are now being held to account by the public, by donors and by beneficiaries."

Added to this, prompted by the Charities Act of 1993, many trustees have been made aware for the first time that they are legally liable for the charities they represent.

These trends have combined to create much greater workloads – boards are having to scrutinise documents and accounts much more closely than before. "People are struggling to cope with what they perceive to be ever growing mountains of paper," notes Kevin Ford, head of the Ford Partnership, a non-profit management consultancy.

All this has focused debate on exactly how charity boards should be constituted and what their responsibilities are. Much of this attention has been on the so-called Carver Model, named after John Carver, the US-based consultant who first proposed it.

Broadly, the model proposes that charities should have a complete separation of board from management, with only a non-voting chief executive acting as a go-between. Trustees would focus exclusively on defining the charities' mission, policy and strategies while keeping wholly disengaged from day-to-day operating decisions.

The proposals are similar to those implemented by Oxfam which carried out its own review without reference to Carver, but sees some overlap. "Carver is a very useful modal, but it has a rigid distinction between management and trustees which we felt was not entirely appropriate. We prefer to emphasise that they should act as partners," says Joel Joffe, Oxfam chair.

This view is largely supported by Andrew Hind, a former finance director at Barnardo's and author of a new book* on charity trusteeship. Hind has set out his own model for UK charities, incorporating some of Carver's ideas, encompassing the training, and tasks of trustees as well as the boundaries of management authority. "There is a gap between the public's increasing demand for better charity governance and the ability of trustees to deliver that needs to be filled," he says.

Whatever the preferred structure that emerges, however, it is clear that training new trustees to make them aware of their tasks and responsibilities is not only desirable but necessary – even for those private-sector appointments who might feel that they don't need it.

"Many of the businessmen on my board hang their brains on the hatstand when they walk in," complains one charity head who has been trying to bring in more private skills to her board. "They seem to think that the rules they apply in their own businesses don't apply for charities and they approve decisions they wouldn't dream of implementing in their own company."

To that end, many charities are now calling on the government to help support further training for trustees, so as to avoid having to use up donor funds. "The whole culture of trusteeship must change or it will wither away," warns Jackson. "Charities are doing their best to cope, but they need a little help from outside."

The Governance and Management of Charities, Voluntary Sector Press, 11 Byng Rd, High Barnet, Herts EN5 4NW, £25.

Unskilled in the art of followership

Lucy Kellaway

When Lady Thatcher was a young thing just out of Oxford, she applied for a job at ICI. She was turned down. The grey suits felt that Miss Margaret Roberts would not be good at taking orders. Or to put it in the words of Sir John Harvey-Jones (who mentions the matter in the latest *Human Resources* magazine) she did not have sufficient "followership" skills. "She wouldn't ultimately have been any good in a large company. She wouldn't have been able to make the compromises you need to make to be a team player," he says.

The decision was not his (he was a young thing himself at the tima), but he would have gladly done the same had it been down to him. Sir John never liked Lady Thatcher, neither it seems did ICI's recruiters.

If Miss Roberts had been more docile at that interview would the history of corporate and political Britain over the last two decades have been different? Possibly she would have thrived as a businesswoman and might have risen to the top. More likely, she would not have lasted long. ICI in the early 1950s was no place for an ambitious woman.

It is a pity if businesses in the 1990s are still rejecting bright graduates on similar grounds. Companies need teams and they need followers, but they also need leaders. It should be the job of senior management to hire both, and to train the smart but stroppy ones to toe the line. If companies believe it is possible to teach middle-aged executives leadership skills, surely it is possible to teach younger people how to be a passable follower until it is their turn to lead.

And on the subject of followership skills, I wonder if Sir John has any himself?

Sex. Tecs. The words rhyme, but beyond that the two would seem to have little in common. Sex is popular, Tecs are not.

Sex can be used to sell practically anything: ice cream, jeans, chocolate bars, cars. Tecs are ona of the few things (along with funeral services or building materials) that are surely beyond its reach.

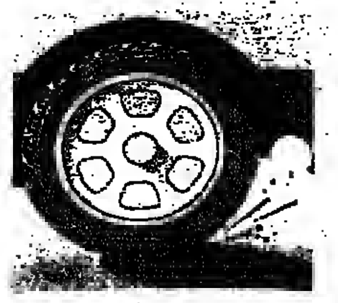
Not so. North Yorkshire Training and Enterprise Council has just made the connection. Last week it issued a press release mentioning not only sex but also the lottery, and claiming that Tecs are better than both. The Tec had conducted a survey to find out what makes people happy, and discovered that on a list of 10 pastimes sex comes eighth in tarms of enjoyment, whereas learning comes fifth. Apparently the most enjoyable things of all are: entertaining friends, going to the pub, seeing relatives and watching the telly.

Now if sex is not that popular after all, then maybe the marketing men have been getting it wrong all this time. The next Häagan-Dazs advertisement should show people sitting around eating ice cream at the local Tec, or cracking open a carton on tha next visit to granny.

I find it *hard to believe that* Marks and Spencer is the only decently run company in the country, yet last week it won two more management awards. While it is depressing to see all those prizes going to one company, it is good that the company in question has no time for management fads. Last week I handed Sir Richard Greenbury a bouquet for calling a spade a spade; this week I'm going to have to band him another for holding out against some management fashions that the rest of the world is succumbing to.

Last week M&S was praised for the clarity of its strategy, yet it does not have a mission statement – which most companies now believa is essential to any discussion about strategy whatsoever. Mission statements are trite little phrases that have been drummed up by a group of managers after a brainstorming weekend in a country house. The craze for them started in the US, but has spread like wildfire through British PLCs and has now reached our public and private sectors – even the prison service has one. Where will it end? It can't be long before we are all required to write our own personal mission statements that could be printed on our CVs and visiting cards.

I've always hated parties on boats. You can't leave when you want to, you are huddled together with peopla you may not wish to see, and the lurching movement is most disagreeable. I have just received news of an event that makes me feel queasy just thinking about it: a three-day cruise on the Channel for Britain's personnel managers, or human resource managers as they prefer to call themselves. "This will provide us with quality, face-to-face time with our audience," says one enthusiastic delegate. Cut off from the rest of the world thay will have lots of time to let their imagination run free. One of the "keynote" (now there's another horrible word) presentations is called "How HR is setting the strategy for a new political climate". Enjoy.



FAST TRACK

Active Imaging

Those stakeouts that feature so heavily in police surveillance work – whether in real life or in TV drama – could become history if one of a range of new products being launched by Active Imaging lives up to its billing.

Its Mv-Sentry is an intelligent camera which can automatically detect an event, record the video in its memory and use network communications to allow an operator to replay video sequences or watch a live gallery of multiple cameras.

"There are all sorts of possibilities," says Raymond Fagan, Active Imaging's finance director. Number plates from stolen cars, for example, could be downloaded to a network of Mv-Sentries in different locations, allowing the car's route to be tracked.

Intelligent cameras are not new, but Active Imaging's innovation is to combine into one self-contained unit all the elements needed for image processing that would previously have required a system linking external cameras, computers and imaging equipment.

The first product in the series, Mv-Net, was launched in January, and is claimed to be the first video server to the Internet that is built directly into the camera. A ski resort, for example, could set up an Mv-Net close to the piste and create a page on the World Wide Web around live colour pictures.

These kinds of applications are creating big opportunities for Active Imaging's technology, says Fagan. The company, based at Maidenhead in the UK, began in 1988 as Data Cell, a "value-added reseller" of other companies' imaging products. Three years later, having failed to interest some of its vendors in turning its ideas into products, it started developing and marketing its own "frame grabbers" – forerunners to its Snapper image acquisition boards.

Then, last autumn, came a spate of acquisitions aimed at beefing up its software and hardware design expertise and expanding its presence in the all-important US market. Overall, though, the group still has only 65 employees worldwide, and all its manufacturing is subcontracted.

Data Cell remain's Active Imaging's biggest business, and profits from that have helped fund the product development side. After heavy spending on that, Active Imaging made a loss last year on total sales of just over £5.5m.

Fagan says ha will be disappointed if sales do not rise sharply this year, with Active Imaging's own products accounting for a big proportion. Development spending will continue, but a sharp rise in new products sales could quickly transform the profit and loss account, says Fagan.

Key to that could be reducing prices for the Mv range. Mv-Net typically costs £3,000 to £3,500, but the company recognises the need for lower prices if sales are to take off. To fund future development, directors are interested in a possible flotation on London's Alternative Investment Market, following *two tranches of venture capital* funding in 1994 and last year. Meanwhile, more Mv products are to be launched this summer, and a "son of Mv" is in development.

Andrew Baxter

BUSINESS EDUCATION

The road to European business school accreditation is littered with pitfalls, says **Della Bradshaw**

Credit where credit is due

This weekend directors of business schools and academic trade bodies alike will gather in Brussels to thrash out the thorniest issue for European business schools – accreditation.

On the agenda will be whether business schools should continue to let the market decide which are the best schools or whether quality thresholds should be set to help clarify the choice market for potential students. If so, how should the accreditation be carried out, and by whom?

Masterminding the debate will be the European Foundation for Management Development (EFMD) in Brussels, effectively the business school's trade body. It succumbed to pressure from its members to introduce accreditation in 1995 and set up the Equal project (European Quality Initiative) to see through the process.

Director Bernadette Conraths now believes there is a real urgency in the task but progress is desperately slow. "It's a typical European situation. Everybody knows what's at stake, but everybody is still arguing."

While the EFMD blames slow progress on the business schools, and the business schools in turn blame the EFMD for dragging its feet, all are agreed that Europe must come up with its own plan before the American business school accreditation body, the American Assembly of Collegiate Schools of Business (AACSB), introduces its scheme in Europe in the absence of a home-grown one.

The AACSB decided last year on the need for European accreditation because American business schools were demanding more information about their peers in order to set up cross-border programmes and alliances which were becoming increasingly fashionable.

The AACSB has now reached an understanding with EFMD. "We didn't want simply to walk into Europe like some sort of Yankee invasion and set up our system," says Milton Blood, director of accreditation at AACSB. What Blood envisages is a scheme in which the AACSB and the EFMD will conduct joint visits to European schools which will then be given, or refused, two separate seals of approval. Blood expects a pilot scheme to begin within a year, hence the need for precipitate action.

The EFMD administration has already adopted a policy of "subsidiarity", delegating approved bodies in each area to carry out accreditation. The problem is that only a handful of countries already have such bodies. And in the UK there are two potential candidates: the Association of MBAs and the Association of Business Schools. So far they have been unable to reach an agreement about how to move forward.

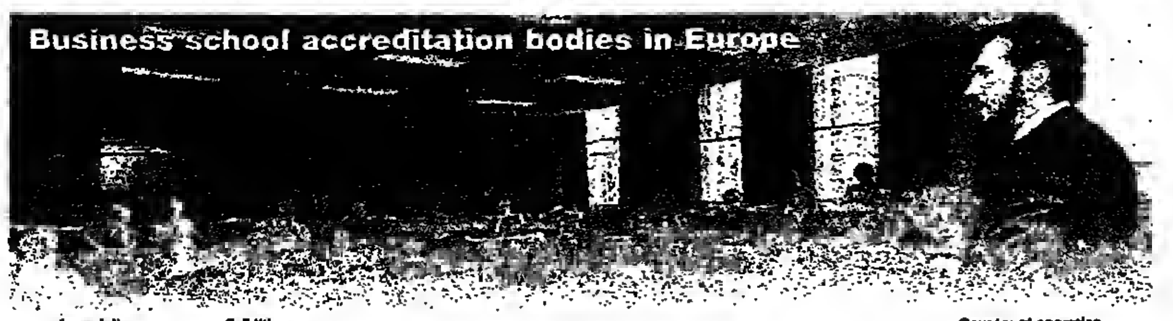
Nevertheless, members of the Equal project believe that substantive progress can be made this weekend. "The first step has to be to agree which quality standards we agree on," says Santiago Iñiguez, director of strategic development at the Madrid business school Instituto de Empresa. Like Blood, Iñiguez is confident of some form of accreditation within the year.

The accreditation is likely to build on an audit system in which the school produces a self-assessment stating its aims and perceived strengths and weaknesses. A team of auditors then visit the school and assess it against those aims.

Such an approach avoids what Nicola Hijlkema, director of business schools at EFMD, calls the "cookie-cutter system", where schools comply to a set model. If a school's aim is to provide quality business education to the local community then that would be the criterion on which it would be assessed, she says – it should not be set against Harvard or Insead.

Such a move is tacitly approved of by the AACSB, which completely changed its method of accreditation two years ago from a list of required standards to the audit approach.

Not so in Germany, however, where the Bonn-based Foundation for International Business Administration, which counts Germany's biggest industrial companies, banks and the German chambers of commerce among its backers, has created an accreditation system to cover Germany, Austria and Switzerland. In it schools have to pass 53 quality standards to gain accreditation.



Association	Full title	Country of operation
ABS	Association of Business Schools	UK
Ambe	Association of MBAs	UK
Aeede	Asociación Española de Representantes de Escuelas de Dirección de Empresas	Spain
Asfor	Associazione per la Formazione alla Direzione Aziendale	Italy
Chapitre	Chapitre des Ecoles de Management	France
Fibaa	Foundation for International Business Administration	Germany

NEWS FROM CAMPUS

Executive courses under scrutiny

How to choose which business school to patronise and which course to undertake is a perennial problem for busy executives. Those who need guidance could turn to the Economist Intelligence Unit's "Which Executive Programme?", published this month.

The guide looks at 100 schools in the US, Europe and the rest of the world as well as tackling issues such as building a company strategy. The directory costs £145 or $225.
EIU: UK, (0)171 830 1007.

Prospective MBAs set off for Paris show

Why are there so few women studying for business degrees? That will be one of the questions posed at the EuroMBA '96 Forum to be held in Paris on 23 March.

The forum, organised by Kaplan, in Paris, will enable would-be MBA students to question business school representatives about the courses they offer. Nearly 40 schools from eight European countries will be attending the conference and exhibition in Paris's city-centre conference centre, Maison de la Chimie.
Kaplan: France, 1 45 66 55 33.

University faculty can chat on the internet

University teachers who want to improve their teaching skills can now do so through the Internet. "Deliberations" is an interactive magazine developed jointly in the UK by the London Guildhall and Kingston Universities to increase dialogue between academics, educational developers, librarians and other professionals.

The magazine is arranged by subject discipline and educational practice.
London Guildhall University: UK, (0)171 320 1104.

Summer engagement for Yale professor

The Yale School of Management has appointed Robert J Swieringa as professor in the practice of accounting. A former professor at Cornell and member of the US's Financial Accounting Standards Board, Swieringa will take up his position in July.
Yale SOM: US, 203 432 6010.

CONFERENCES & EXHIBITIONS

APRIL 22 - 24
KPMG Fraud Action
KPMG *Fraud Action* uses proven video and workshop techniques to bring fraud risk - and its management - to life. In small teams, you will identify key risks, probe and investigate. The whole programme is based around *Action*, helping you to develop action plans that will work in *your* organisation. Held at an award-winning management training centre.
Contact: Ian Huntington, David Davies
KPMG Forensic Accounting
Tel: 0171 311 8584 Fax: 0171 311 8996
80 mins LONDON

APRIL 22 - JUNE 10
FT-City Course
This course provides an excellent introduction to the working of the City and explains why London is such an important financial and trading centre. 25 expert lecturers describe how the City operates, who the major players are, and how the main markets function.
Enquiries: FT Conferences
Tel: 0171 896 2626 Fax: 0171 896 2696
LONDON

APRIL 23 & 24
BPM 96 - Business Performance Measurement
Europe's leading annual conference and exhibition on the use of non-financial *performance measures for driving* business strategy. Covering the Balanced Business Scorecard, EFQM, *intellectual capital*, customer-focused measures and lots more.
Contact: Business Intelligence
Tel: 0181-543 6565 Fax: 0181-544 9020
LONDON

APRIL 24
Restructuring the Electricity & Gas Markets: The New Scene
A unique opportunity to hear and debate key energy policy issues with this high profile gathering. Chaired by David Jefferies *Chairman of the National Grid Co*, speakers include: **Professor John Chesshire**, SPRU; Cedric Brown, British Gas; Ed Wallis, PowerGen; John Devaney, Eastern Group; Chuck Whitney, SEI Europe; Ian Blakey, BISPA & CBI Energy Policy Committee; and Sir Philip Jones, Total Oil Holdings. co-sponsors: CBI, National Grid, Institution of Electrical Engineers.
Contact: *The Institute of Energy*
Tel: 0171 580 0008 Fax: 0171 580 4420
LONDON

APRIL 24-25
Data Warehousing
How to add value to your business with the facility to access data held throughout the organisation and present it as compatible, comparative, meaningful *information*. Andersen Consulting, Unisys, AT&T, British Telecom, IBM, ICL Chartered Trust, BP and others illustrate the implementation and utilisation of Data *Warehousing*. A UNICOM business seminar: For prompt service.
t: 01895 256484, f: 01895 813095
email: john@unicom.co.uk.
LONDON

APRIL 30
Risk Management & Regulation
This conference on the management of market risk features leading practitioners, regulators and professional advisors. Arthur Andersen, Bankers Trust and CSFI *sponsor* a programme that includes Gay Evans, Douglas Harris, Charles Taylor and other *authoritative* speakers.
Contact: Cityforum Ltd Tel: 01225 466744
Fax: 01255 442903
LONDON

MAY 1-2
The Configuration Management Implementation Experience
Configuration Management is the discipline by which all key components of a *software project or system* are systematically controlled. This business seminar is co-sponsored by the *BCS Configuration* Management Specialist Group. Case studies by Motorola, Intersolv, Glaxo Wellcome and Royal Mail. *Part of UNICOM Software* Development and Testing series (29/4-3/5/1996) t: 01895 256484,
f: 01895 813095 email: ted@unicom.co.uk.
LONDON

MAY 8
Doing Business in Contemporary Egypt
Don't miss conference covering - Investment Incentive, Capital Markets, Oil, Pharmaceuticals, Civil Engineering, *Commercial* Disputes, Politics, Macroeconomy. Senior speakers from General Authority for Investment, Hermes Financial, EGPC, Glaxo-Wellcome, Frere Cholmeley, Simmons Black & Veatch, Egypt Focus, IISS. Major discount for booking before 1/4/96. Contact: Menas Associates, Tel: 0181 520 8067, Fax: 0181 520 1688
E-Mail: 100607.3371@compuserve.com
LONDON

MAY 9-10
Valuing Companies
This highly interactive workshop will give an insight into the more intricate aspects of *valuing companies. The first day addresses* valuation concepts and methodologies, dealing with the fundamental issues of *valuing. The second day looks at advanced* issues in valuation analysis. Attendees will gain experience by working on case studies and exercises.
Contact: Lucy Greenfield, Acquisitions Monthly Conferences Tel: 01892 537474
Fax: 01892 531343
LONDON

MAY 20-21
7th International Life Insurance Conference
Programme to discuss: Ethics, Allfinanz, Customer Service, Distribution and International Expansion. Speakers from: *Sun Life Assurance*, Sun Alliance, LIA, Eureko, Equitable Life, J Rothschild, Abbey National, Fortis, Generali, Scottish *Amicable and Clerical Medical.*
Contact: Eleanor Tierney on
tel: (353 1) 671 3022 or
fax: (353 1) 671 3594/8240
LONDON

MAY 20 & 21
Acquiring in the United States
The US M&A market is seeing record breaking levels of activity. Companies are now acquiring in the US as part of their company strategy, not just for a quick return. This workshop covers all aspects of acquiring in the US. A significant number of speakers are from large UK plcs which have acquired in the US.
Contact: Lucy Greenfield, Acquisitions *Monthly Conferences Tel: 01892 537474*
Fax: 01892 531343
LONDON

MAY 21 & 22
Building Profitable Customer Relationships
Conference designed to highlight, address and analyse practical strategies for measuring *and managing customer-driven* initiatives, using best practice case studies, working groups and masterclass.
Contact: *Business Intelligence*
Tel: 0181-543 6565
Fax: 0181-544 9020
LONDON

MAY 22
DTI Conference
Aerospace Technology Transfer-Past Track Record and Current Potential.
Two major *DTI* sponsored studies will be *discussed* together with sessions on North Sea and Automotive Applications. There will be workshops on Electronics, Materials, Turbo Machinery and Simulation/Modelling Techniques.
Contact: Conference Office, RAeS.
Tel: 0171 499 3515 Fax: 0171 493 1438
LONDON

JUNE 10-14
FIA/FOA International Derivatives Week Annual Derivatives Conference and Exhibition
Futures and options industry participants exchange views on the latest international business, regulation and compliance, technology and clearing/settlement issues. The exhibition will showcase emerging markets.
Contact: Futures Industry Association
Tel: 001 202 466 5460
Futures and Options Association
Tel: 44 0171 365 2154/2137
LONDON

JUNE 17 & 18
FT World Aluminium - Strategies for a Global Market
This conference, arranged with CRU International, will address the key themes associated with building global capability in the world aluminium industry: *identifying new areas of demand; making* correct sitting decisions for future capacity increases; recognising the changing needs of users.
Enquiries: FT Conferences
Tel: 0171 896 2626 Fax: 0171 896 2696
LONDON

INTERNATIONAL

MARCH 26 - 29
DOMEXPO - Spring Consumer Goods Fair
"Everything for the home"
The largest organizer of trade fairs in Poland and one of the largest in Central/Eastern Europe 15,000 exhibitors *from 38 countries and 950,000 visitors in* 1995 Poznan International Fair Ltd.
Glogowska 14, 60-734 Poznan, Poland
Tel./ +48 61/692592, Fax./ +48 61/665827
POLAND

APRIL 3 & 4
Central & Eastern European Power Industry Forum
The latest and future developments in the electricity industry in Central and Eastern Europe. A Forum on ownership issues, privatisation, creative project financing, competition and cooperation opportunities. High level.
Contact: PennWell C&E
Tel: 31-30-2650963 Fax: 31-30-2650928
St Petersburg, RUSSIA

APRIL 9 & 10
2nd Annual EUDA Conference
DERIVATIVES-Establishing the End-User/Dealer Relationship, Providing Appropriate Disclosure, and Satisfying Fiduciary Responsibilities. Panel members *represent active end-users, regulators, and* professional advisors. Contact Kim Perrea @End-Users of Derivatives Assoc.;
Tel: 202-383-0639 Email:EUDA@aol.com
WASHINGTON DC

APRIL 14-16
The 4th European Life Sciences Conference
Sponsored by Atlas Venture and Ernst & Young
Unique opportunity to meet the best early stage partnering opportunities in European Life Sciences. Over 35 European Lifes *Sciences companies presenting followed by* one to one meetings.
Registration: Elsbeth Jansen, Moret Ernst & Young, The Netherlands
Tel: 00 31 30 258 8593
Fax: 00 31 30 258 8200
AMSTERDAM

APRIL 15 & 26
The 1996 Hub & Spoke® Conferences
For the investment management industry, to examine the Global Hub & Spoke structure; the business, investment and marketing implications of the structure. Featuring a series of workshops covering legal, tax, regulatory, marketing, accounting and operations issues for UCITS, Luxembourg, UK, Ireland, Guernsey, USA.
April 15 - London, April 26 - New York
LONDON Contact Lindy Bird 0171 336 8701
NEW YORK Contact Brad Sullivan on 212 207 8608
LONDON, NEW YORK

APRIL 17-18
Business Opportunities in the Cable Market in Spain
Analysis of new products, technologies and telecommunication services, content, delivery, infrastructure and regulatory environment. Targeted at *managers of TV* projects telecommunications strategists, cable network operators, content providers, software designers, consumer electronics developers, financial analysts and IPR lawyers. Organised by Expansion and the Instituto Fomento Empresarial
Tel: IFE in Madrid (341) 577 9613
Fax (341) 577 9612
MADRID

APRIL 19
AIME European Marketing Seminar
Relationship Marketing the Customer Connection
This seminar, focusing will focus on relationship marketing and will feature experienced marketing experts from several countries. Carefully composed to offer a mix of consultancy *perspectives on real lessons* from case histories, illustrating the benefits of customer focus and relationship marketing, this seminar will be of interest to marketing directors, market research, business/marketing, corporate and business planning managers who look for greater *marketing* success.
Contact: Julia Foster
Tel: 01792 655099 Fax: 01792 475751
BRUSSELS

MAY 6-8
Improving R&D Cooperation
International Seminar on Improving R&D cooperation among universities, research institutes and industry in developing countries, sponsored by GTDC, the Global Technology Development Center and organized in cooperation with Tsinghua University, Beijing. Speakers from 3 industrialized and 7 developing countries will present papers on current national R&D structures, future strategies, management, operation, financing etc.
Contact: GTDC Global Technology *Development Center, Austria.*
Tel: +43 1 512 85 88 Fax: +43 1 512 85 89
E-mail 100450.461@compuserve.com
Tsinghua University, Beijing, CHINA

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BUSINESS TRAVEL

Travel News • Roger Bray

EasyJet to Amsterdam

Following a trend set by Southwest Airlines and ValuJet in the US, low-cost airlines may be about to burst on to the European scene. Next month British carrier easyJet, which launched services between Luton airport and Scotland last November with fares from £29 single, starts operating to Amsterdam. As on its existing flights, it will sell fares on a first-come, first-served basis, starting at £35 one way and increasing the price in £10 jumps to £65 as take-off nears.

EasyJet's chairman, Greek shipping tycoon Stelios Haji-Ioannou, models his operation on that of Southwest, which was one of the few US carriers to make profits in the last recession.

EasyJet claims about 25 per cent of its passengers to Glasgow and Edinburgh are on business and perhaps 35 per cent of those on Aberdeen flights. Tony Anderson, head of sales and marketing, says: "Because we sell direct, it's difficult to tell. We just count the suits. Our targets are customers with small businesses or professionals, rather than the big corporations."

The airline's expansion may not do much to undermine top-level business-class fares, but if it continues, watch for tasty deals in competitors' economy cabins.

Dorval's renaissance

Montreal has lost patience at last with its distant white elephant, Mirabel, just months before the airport's 21st birthday. The city's airports authority will spend more than £90m transforming Dorval into an international hub. That will leave the echoing halls of Mirabel, which handles fewer than 3m passengers a year compared with around 20m at Toronto, to handle charters.

Mirabel is 35 miles from town. Dorval, which handles about twice as many passengers, is only half as far.

Air Canada has responded to Dorval's renaissance like an eager bronco from the gate. Forcing airlines to use Mirabel cramped the development of air services to and from Canada, it says. Its only transatlantic links from Montreal are with London, Paris and – from May – Brussels.

Now it plans to serve Frankfurt and Tel Aviv. And, subject to a government go-ahead, it will also fly from there to Milan and Rome.

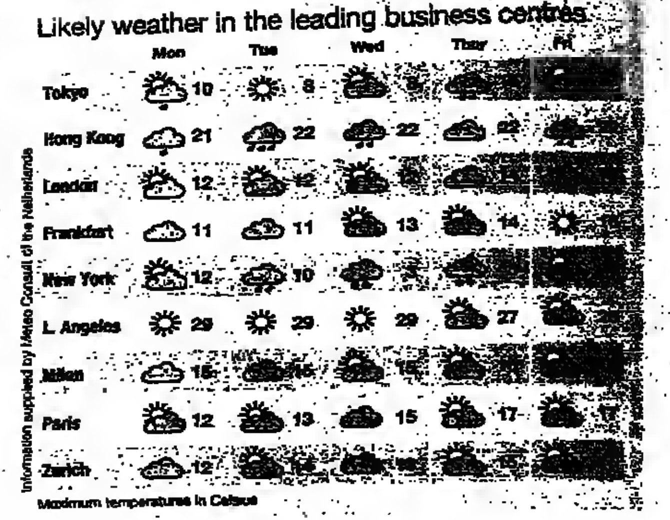
St Petersburg's metro

Taxi drivers are under siege. Following New York's determination that cabbies must charge a flat fare of $30 (£20) between JFK and Manhattan and police action to stamp out widespread tampering with meters in Delhi, comes a glimmer of hope from St Petersburg.

Perhaps wishfully, the city's transport authorities expect to receive $185m from Moscow this year to patch up their battered metro system. Two stations on the Kirovsko-Vyborgskaya line have re-opened already, following subsidence and the leaking of an underground river.

Nigerian outbreak

The World Health Organisation warns of a huge outbreak of meningococcal meningitis in Nigeria. Earlier this month about 18,600 cases had been reported in 12 states, causing more than 2,500 deaths. An effective vaccine is available, and should be given at least two weeks before departure.



Amon Cohen on a series of airline offers more generous than established frequent-flyer schemes

Flightpath to controversy

How would you fancy being paid to fly to America? It sounds an absurd notion, yet the transatlantic air travel market has become so overheated that such an offer exists.

Continental Airlines is offering passengers throughout Europe about £140 in travellers' cheques for flying business class to the US, or £70 for flying economy.

Controversy has long raged over the ethics of inducements to travellers, especially frequent-flyer schemes. First, it is questioned whether they should be taxable. Second, company travel managers dislike them because they encourage employees to skirt corporate travel policy.

If, for instance, travel managers negotiate a special discount for employees to fly British Midland, they dislike seeing them switch to British Airways to notch up more air miles.

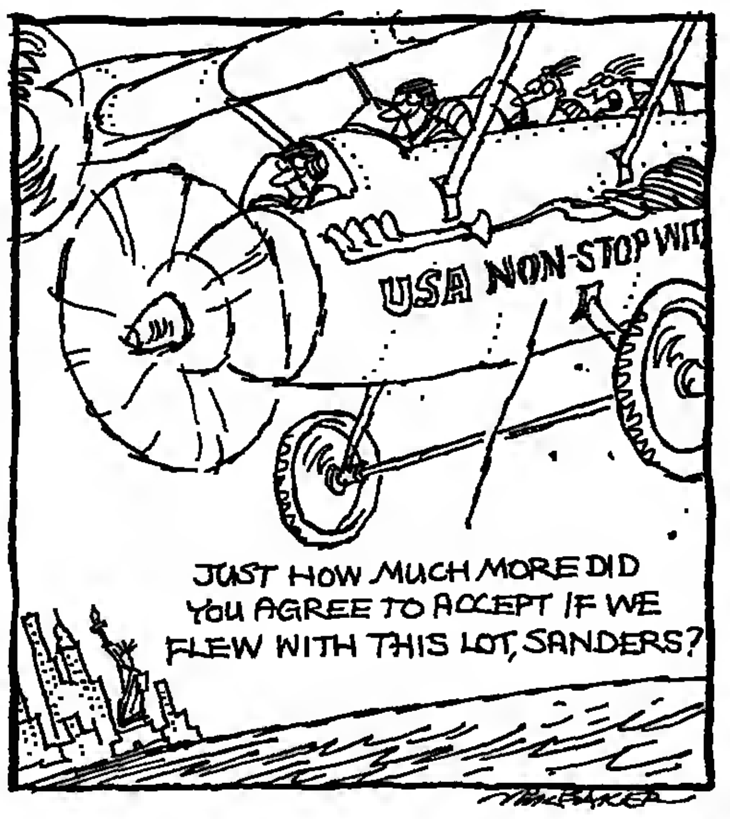
Further, it is argued, inducements are seen as gifts for employees, when it is employers who pick up bills for flights. In spite of such misgivings, these schemes have prospered, largely because they are immensely popular with passengers and airlines, which use them to gain or retain customer loyalty.

In recent months, however, with the transatlantic market booming and airlines having to pay for expensive premium-class relaunches, there has been a series of offers that are even more generous than the frequent-flyer schemes.

Among these are promotions from BA and American Airlines, both of which effectively give a traveller two economy tickets to anywhere in Europe in return for either one first class or two business class long-haul trips.

Continental's offer was the final straw for many travel managers, including Norman Ryan, manager of corporate travel for Europe, Africa and the Middle East at Halliburton Holdings. Halliburton is an oil explorer, and thus a heavy user of services to Houston, one of Continental's main international hubs.

"I consider the practice of giving travellers cash refunds on tickets purchased by my company to be totally unethical," Ryan wrote to Graham Henderson, Continental general sales manager.



Ryan sees little difference in principle between the Continental offer and an employee of a multinational in a third world country receiving a cash "thank you" from a grateful supplier.

His view is shared by Andrew Solum, travel manager at global telecommunications company Inmarsat.

Solum has a lengthy list of objections to the Continental promotion, and to reward programmes in general. Foremost among his objections is that they tempt employees to flout company travel policy so as to qualify for rewards.

"I have travellers saying to me that they must fly BA," he says. "I had someone today pleading with me to fly BA and I know why."

Then there is staff morale. "We could have people who travel with Continental say they got £140 free and rub it in the faces of everyone they work with," he says.

Passengers might even try to sell the benefits. Solum recalls one former employee who used the company noticeboard to sell for £150 a Virgin Atlantic economy ticket he had earned free after a round trip in Virgin's Upper Class. The ticket was confiscated.

More strategically, travel managers find airlines' generous offers galling because they come at a time when carriers are making loud noises about their need to cut distribution costs.

Most of those costs are in the form of commission payments to travel agents, and it is widely expected that UK agents will find their remuneration trimmed this year, as happened last year in the US. Travel agents, who work on notoriously thin profit margins, have told clients they cannot afford to absorb any such reductions, and will balance their books by increasing their fees to corporate clients.

Agents also point out that it is frequent-flyer schemes and the like that have increased airlines' distribution costs in recent years, not commission, which has remained static at best.

> **Travel agents have told clients they cannot afford to absorb any such reductions, and will balance books by increasing fees**

The logical conclusion of such reasoning is that corporate clients will shortly indirectly subsidise the very incentives to individual passengers that work against their interests.

Not so, say the carriers. Mike Smith, American Airlines managing director for European sales, says that any tactical promotion from his airline has to pay for itself. Further, the aim of such offers is not to tempt travellers to stray from corporate policy, which would in any case be difficult to achieve.

He is supported by Andew Waller, marketing manager for BA's UK and Ireland sales division. Indeed, Waller takes the argument further. Rather than believing that corporate travel policies are crumbling in the face of airline incentives, his opinion is that large companies have such effective policies in place that they are blunting frequent-flyer schemes to the extent that their viability is questionable.

As for Continental, Keith Woodward, general marketing manager, says the travellers' cheques offer is unlikely to be repeated, adding that there is, nevertheless, little difference between Continental's offer and those airlines offering free tickets.

Continental has agreed to a request from Ryan to help track Halliburton employees who received free travellers' cheques. Ryan will make those travellers hand the money over.

Meanwhile, spare a thought for American Express. Amex is Halliburton's travel agent and thus partly responsible for helping Halliburton employees conform to travel policy.

Indeed, Amex is promoting a computer program that helps travel managers prepare a travel policy. How unfortunate, then, that the travellers' cheques for the Continental promotion were provided by American Express.

Eric Brannan, Amex's European senior vice-president for business travel operations, says the deal was hatched by the travellers' cheques side of the business without the awareness of the travel management division.

"No linkage was made to the travel management side," he says. "We certainly would not knowingly do something like this, which was no doubt agreed to in all innocence by someone in travellers' cheques."

Cities get costlier

Moscow is not only dangerous. It is now extremely expensive for visiting executives. Tokyo topped the charts as the world's most expensive city for business travellers in a survey published last week, with Moscow close behind, and Paris third.

UK travel agents recently revealed they were able to offer armed bodyguards to accompany British visitors to Russia. UK authorities have warned visitors to be especially careful in Moscow and St Petersburg.

What they could have added is that travellers also have to guard against assaults on their wallets. A survey by Employment Conditions Abroad put the cost of a working day in Moscow for visiting executives at $478.90 (£315) compared with $493.85 in Tokyo and $420.87 in Paris.

ECA compared the costs for business travellers in 95 countries and 116 locations. Its daily rate included the cost of staying in a four-star hotel, meals, drinks and transport.

Geneva, Zurich and Copenhagen were among the costliest cities in Europe, according to the survey, while Hong Kong was the most expensive in Asia after Tokyo. Lagos and Nairobi were the costliest in Africa. Although near the bottom of ECA's top 25 list, Caracas was the most expensive city in South America.

SPORT / ARCHITECTURE

A most unusual runner indeed

Keith Wheatley finds that Paula Radcliffe wears Olympic expectations modestly

One of the most intriguing somersaults in top-level sport is performed by middle-distance runners. In the athletics season they perform to packed houses in the world's great stadia, grinding out the laps as the crowd roars and the media watches impassively.

But come winter and many of them are out in the rural loneliness of the cross-country course, running by instinct rather than stop-watch. "It's a different technique entirely for cross-country. You run entirely as you feel that moment, not worrying about splits or lap times," says Paula Radcliffe, Britain's top 5,000 metres runner and a favourite for Saturday's cross-country world championship in Cape Town.

According to Radcliffe, one of the most intriguing cross-country competitors to run against is South African star Zola Budd. "When you're racing Zola you just never know what she'll do next. Her mood will decide entirely how she tackles the course from minute to minute," says Radcliffe, a tall, slightly-built woman who wears the mantle of Olympic expectation modestly.

Most athletics commentators tip her as a hot prospect for the 5,000m at the Olympics. "I'm really, really hopeful of a medal in Atlanta," said the 22-year-old European studies student. But before that she must tackle her finals, and then the British team trials on the day after her last exam.

She looks a certainty for selection. At the world championships last summer she came fifth in a race won by Sonia O'Sullivan of Ireland, her great rival.

Yet in spite of the considerable income to be made as a professional athlete, Radcliffe is adamant that she would far rather jeopardise her Olympic place than hazard her degree.

Half of her course at Loughborough university consists of French and German. The other part is business studies. She spent six months working as a marketing assistant at Whitbread in Germany last year, and enjoyed it more than the corresponding half-year spent athletics training in the French Pyrenees.

The experience highlighted her misgivings about a career as a full-time runner, despite the fact that top running stars earn large sums. As a graduate trainee in international marketing, her planned speciality, she might expect to start on a salary of perhaps £14,000 a year. Yet a runner of her calibre would expect to make 20 times that on the grand prix and endorsements circuits.

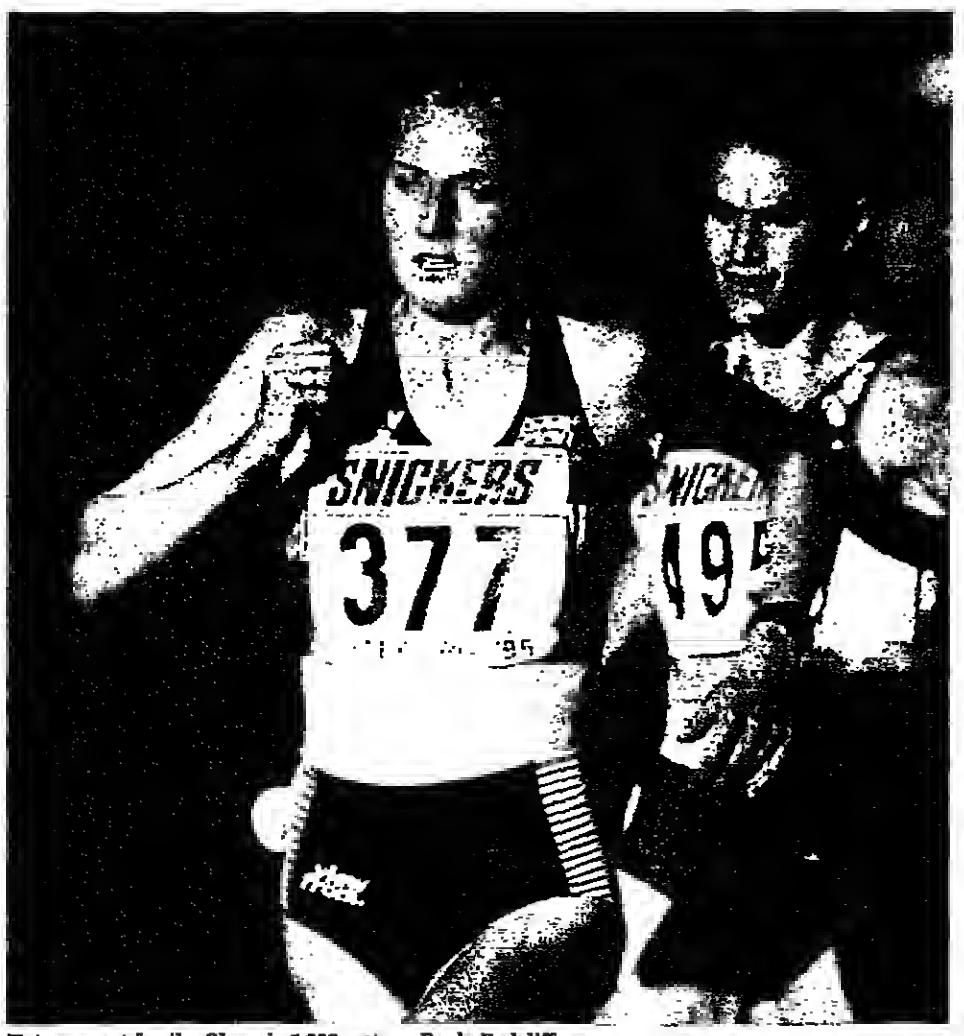
"A career is something else to do, isn't it? However much I was earning from running, I'm sure I couldn't cope with sitting around all day at the track with nothing to do except smile at the camera," Radcliffe said over lunch at a brasserie near the house she shares with half-a-dozen other student runners.

She became flustered with embarrassment when the mobile phone in her handbag interrupted the soup. "The worst thing I've had from being any sort of celebrity was when this thing rang its head off in the middle of a lecture. Students are pretty cruel about that sort of thing."

Renown came early to Paula Radcliffe. Three years ago, in the slush and snow of a Boston winter, she forced her way through a better-fancied pack to take the world junior cross-country championship. Her performance catapulted her from the relative anonymity of club runner with Bedford and County, where her father Peter is chairman and mother Pat team manager, to the international first division.

Yet her heart is still with the youngsters. She really doesn't see herself as the next Sally Gunnell or whatnot. Take, for example, her attitude to last season's feuding between British athletes such as Linford Christie, John Regis, and Colin Jackson and the British Athletics Federation over how much they should be paid to run for their country. Christie had demanded sums not unadjacent to £50,000 per meeting.

Radcliffe's quiet voice goes up a level when she discusses these problems. "The amounts they were asking for were ludicrous, and meant that youngsters couldn't be sent abroad to run for British junior teams and gain experience as I had been," she says. "People like Linford, who've had so much out of the sport, shouldn't be doing that."



Hot prospect for the Olympic 5,000 metres: Paula Radcliffe

Athletics is experiencing real problems in Europe and, especially, the US. An unusual crop of stars such as Christie and Carl Lewis are on the brink of retirement. Television audiences are down and stadia half-empty. Sponsorship is infinitely harder to come by than it used to be.

Five years ago, a young runner like Radcliffe would have stepped straight on to the grand prix treadmill, stuffed bundles of cash into a briefcase, and gone on to be the face at every supermarket checkout. That she finds such a prospect unappealing lies partly in her own essentially private nature, but also in the changes in an overexposed sport that has had too many flawed heroes and plenty of drug-busts.

"Running for the money week in and week out isn't conducive to an interesting life or winning championships," she says. "I plan to limit myself a bit and just go for the ones that mean something. I'm personally far more interested in winning an Olympic medal than making a living out of running."

● *News from the oche.* Darters were incensed when I filed this column from the world darts championship two months ago and revealed that the UK Sports Council declines to recognise this hugely popular game as a sport.

That revelation of a private wound has spurred the British Darts Organisation to start a campaign for official recognition. "This ruling illustrates the pomposity of the Sports Council and we are determined that darts will gain recognition sooner rather than later," says Robert Holmes of the BDO.

Personally, I enjoyed the definition of darts supplied by 1995 world champion Richie Burnett, who said: "I wouldn't call us athletes, exactly. Maybe leisurely sportsmen. It's just getting paid to show off, really."

Public 'vote' less than democratic

Colin Amery on a new approach to listed buildings

You and I are being consulted. Not about how UK lottery money is being spent, not about privatisation of the railways, but to find out how much we like postwar architecture – post-second world war, that is. There is no need to ask whether we like the architecture that followed the Napoleonic wars or, indeed, the wars of the roses. It is the watershed of Hitler's war – after which there might have been no future – that makes us think hard about the recent past.

By mounting several exhibitions, English Heritage is carrying out "the first major public consultation on postwar architecture". The first of the themed exhibitions is at the Royal Institute of British Architects in London until March 23 – presumably, it will later tour the country – and deals with churches, public and institutional buildings, bridges and premises designed for higher education.

English Heritage is rightly nervous about listing buildings of the 1950s and 1960s, going so far as to stress that "listing" does not mean that a building cannot be demolished, adapted or altered. Listing is now just a pause – a moment to "ensure that [a building's] architectural and historical importance is properly assessed before decisions are taken affecting its future". Listing, instead of being a safe haven, now acquires Damoclean qualities. While I feel that may be perfectly appropriate for post-second world war buildings, because their merit is still debatable, it is a worrying state for the 447,710 earlier listed premises.

The real importance of listing buildings is that it exercises our powers of discrimination. We seem to live at the moment in an art historical climate of relativism. Historians, frequently trained in the Marxist persuasion, are encouraged to think that everything is of equal importance. That creates some difficulties for the other approach to the past (and indeed the present) that believes that some things are better than others – the reason why it is so hard to make lists that are democratically arrived at after a process of public consultation.

English Heritage asked MORI, the market research company, to poll that well-known "representative sample" of 1,983 adults on whether or not we should protect old buildings. It was a bit like asking them whether they would look after or kill their grandparents. Surprise, surprise, most people favour protection. That really is the extent of the consultation process. The really interesting bit – deciding which buildings should be listed and which should not – is the province of the panels of experts.

If the first exhibition is anything to go by, the experts have had a fascinating time and done a thorough and worthwhile job. They have taken a broad view and not been too swayed by fashion or dogma.

The churches of the 1950s they want to list represent the last flowering of a tradition of British church building that continued until the 1960s. The late works of Giles Gilbert Scott, Seeley and Paget, and that brilliant maverick architect Harry Goodhart-Rendel, are "traditional", but also have a refreshing spirit of creative interpretation of the past.

Goodhart-Rendel's churches – St John the Evangelist at St Leonards, East Sussex; the church of Our Lady of the Rosary in Marylebone and the church of the Most Holy Trinity in Southwark – are outstanding buildings. They are not well known, so their listing is essential.

The American Military Cemetery Chapel at the end of its long canal lined by stone soldiers, at Madingley, near Cambridge, is remarkable. An American firm from Boston worked with Hughes and Bicknell of Cambridge to produce a monumental landscape that is both contemporary and timelessly symbolic.

The architectural panic that followed the liturgical re-orderings of the second Vatican council in fact produced some intriguing new Roman catholic churches. The priory church at Leyland in Lancashire – a circular plan by Weightman and Bullen – is rightly a candidate, especially as it has remarkable glass by Patrick Reyntiens.

The public buildings of the immediate postwar period demonstrate the schizophrenia at the heart of the architectural profession at that time – the traditionalists, Donald McMorran and John Brandon-Jones, working in Winchester and the City of London, while Denys Lasdun and Powell and Moya produced English versions of international modernism for the Royal College of Physicians and Oxford colleges.

Comparing the county halls of Devon and Cornwall, built in the same period, exposes the British uncertainty about modern architecture. Devon went to Donald McMorran and got a classical complex with domes and clock towers in Exeter; Cornwall's own county architects designed a modern complex in Truro with Barbara Hepworth sculpture and Geoffrey Jellicoe courtyard gardens.

Aesthetic and historical value are the criteria for listing, and I can't help feeling that most people will remain untouched by the debate about how to apply them to postwar buildings. The exhibition is not the whole answer.

I have two suggestions. No building by living architects should be listed, as objectivity is impossible. And all the buildings in the exhibition should carry large banners asking: "Am I worth keeping?" Then they can be judged by the public who pass by them and be seen in proper context. *That* would be democratic public consultation.

ARTS

OPENINGS

LONDON
The French screen actress Isabelle Huppert (left, with Ben Miles) appears for the first time on the British stage in the National Theatre's new production of Schiller's "Mary Stuart", which opens on Thursday at the Lyttelton Theatre. The translation is by Jeremy Sams, the direction is by Howard Davies, and Anna Massey plays Queen Elizabeth.
Christoph von Dohnányi brings the Cleveland Orchestra to the South Bank Centre on Thursday at the start of a two-week tour of European music capitals. Tour repertoire includes works by Brahms; Schoenberg, Ligeti and John Adams. The orchestra will visit Amsterdam, Berlin, Budapest and Vienna, and give three concerts at the Lucerne Easter festival.

MUNICH
A large-scale retrospective of the German painter Christian Rohlfs (1849-1938) opens at the Kunsthalle on Friday. Rohlfs was influenced by Van Gogh and the impressionists in his early years, but later practised a gentle form of Expressionism. His finest works are the delicate flowerpieces (above), he painted when he was nearing 80.

NEW YORK
One of the highlights of the New York art calendar is "Splendours of Imperial China", opening tomorrow at the Metropolitan Museum. On loan from the National Palace Museum in Taipei, this collection of masterpieces (right) spans 4,000 years and includes paintings, calligraphy, ceramics and jade. The exhibition later travels to Chicago, San Francisco and Washington.

HAMBURG
Over the next three months the Kunsthalle is showing an unusually large selection of paintings by Egon Schiele (1890-1918), a key figure in the Art Nouveau and Expressionist movements. The paintings form the nucleus of the Leopold Collection, one of the most important collections of Austrian art from the 18th century to the present day. The exhibition opens on Friday.

VENICE
Opening on Sunday at the Fiat Arts Centre, Palazzo Grassi, on the Grand Canal in Venice, is an ambitious show devoted to Magna Grecia – or the Western Greeks. The aim is to explore the origins of the European humanistic tradition via the civilisation which developed in the Greek colonies to the West, from Sicily to Provence and the Iberian Peninsula. More than 2,000 objects will be on show including sculpture, reliefs, ivories, coins and jewellery.

Leo McKern (left) and Maggie Smith are happy to work for Duncan Weldon (centre) at the Chichester festival for a fraction of the salaries they could command in the West End Alastair Muir

Stars converge on Chichester

Antony Thorncroft discusses producer Duncan Weldon's plans for the 1996 theatre festival

Dames come cheap: not the latest in pulp fiction but the mantra of impresario Duncan Weldon, who has just announced the programme for this summer's Chichester festival. It contains enough stars to fill a galaxy, and Weldon has managed to get them at bargain prices.

So Dame Maggie Smith will be appearing at the Minerva Theatre for £350 a week as one of Alan Bennett's *Talking Heads*. Knights are just as inexpensive. Sir Derek Jacobi is joining Frances Barber and Alec McCowen in *Uncle Vanya* for the same sum. Across the courtyard in the main theatre Sir Peter Ustinov can command £500 a week, but since he is appearing in his own play, *Beethoven's Tenth*, there is also a writer's royalty.

Alan Bates (in a new *Simon Gray* play), Harriet Walter (giving her *Hedda Gabler*), Patricia Routledge (in a new musical about Beatrix Potter) and other crowd pleasers are all getting by on £350 at the Minerva, while Dawn French and Leo McKern (in Priestley's *When We are Married*) are lording it on £500 in the Festival Theatre.

Weldon can persuade the grandees of the British stage to summer in Chichester at basement rates because he has devoted his theatrical life, which so far totals over 200 productions in London alone, to keeping alive the star system. He is convinced that audiences want big names, and his record proves him right. In their turn the stars are happy to rally round Weldon.

He took over as producer for Chichester last year from Patrick Garland, a previous Chichester producer who returned to stand in for three seasons after Michael Rudman resigned at short notice in 1991. Rudman had tried to wean the most conservative audience in the land off its weakness for safe plays and stellar casts. He failed. Weldon was the obvious man for the job. He signed a two-year contract, which will probably be extended. It should be, if only for financial reasons. Last summer his plays attracted an audience of 220,000, who paid £3.5m, and produced a surplus of £500,000.

It is not only the attractive countryside, the proximity to London, the amiability of the theatre, and the chance to choose their parts that brings the stars to Chichester. It is certainly not the £70 a week living allowance. It is the prospect of better things. The 12 plays that Weldon is producing in Chichester this summer will have a second life, either touring the UK or filling a West End theatre. The anticipation of a transfer to London, where the stars can expect to earn nearer £4,000 a week, makes Chichester worthwhile.

Weldon has his critics who complain that he is just using Chichester as a stalking horse for London, exposing plays to the critics and audiences in a virtually risk-free environment and then persevering with the winners. But it was always thus. invariably Weldon's London productions have been honed in the regions. With the largely middle-class, middle-aged Chichester audience the spitting image of traditional West End theatregoers, it offers a beautiful symmetry.

He has no idea yet which plays will make the West End but he would be surprised if new works by Gray, Alan Ayckbourn, and Ronald Harwood failed to travel. He is also optimistic about the British premiere of an unknown Turgenev, *Fortune's Fool*, also starring Alan Bates. For the rest, *Love for Love* and Willis Hall's adaptation of Jane Austen's *Mansfield Park*, with Lisa Goddard, await their fate. There is usually one production at Chichester which bombs: last year *Hadrian VII* played to half-full houses. Fortunately the remainder of the season delivered the bacon.

Transfers to the West End are good not only for Weldon's bank balance; they are also essential for Chichester. Profits accumulated during the six-month summer festival are wiped out in the winter when the theatres revert to receiving houses for any hapless productions touring the provinces. They keep the staff employed but make a loss. The royalties of £200,000 from last year's transfers enabled Chichester to remain in the black.

This year Weldon is attempting to do something about the winter deficit. He is putting on an autumn season, extending into January, and has already pencilled in *Hay Fever* and Lionel Bart's *Lock up Your Daughters*: nothing too demanding. Weldon believes that you need real crowd pleasers to draw an audience in cold weather.

If his plan works, and the repertoire is extended into the spring, Chichester will become remarkably like the RSC and the National Theatre, presenting 16 or so productions – some classic revivals, some new plays – all the year round. Weldon, traditionally the subsidy-eschewing showman, is already making comparisons between his output and that of his state-funded rivals. In fact he would now like a grant, at least for his winter works, from the local authority and the Arts Council. It would sit nicely alongside Chichester's £12m lottery bid to improve facilities.

His other aim for Chichester is to present more challenging work. "The theatre is there to entertain but we could do a little more educating." He is not thinking of Beckett: his idea of a mind-stretching experience for Sussex is Ian Judge's production of Congreve's *Love for Love* which opens the festival on April 25. Like all the plays this season it will run for just 28 performances in order to maximise the demand and avoid another *Hadrian VII*.

With no public subsidy Chichester cannot afford to take risks. But the opening of the 300-seater Minerva – which last year spawned Harold Pinter's *The Hothouse* in which the playwright also appeared – has enabled Chichester to acquire dramatic credibility. Certainly the appearance this year of Barber and Walter among the actors, and Jude Kelly, Bill Bryden and Richard Wilson among the directors, suggests that Weldon's contacts book is in good shape. As he enters his 56th year this week he contemplates an easing down, for retirement at 60. What better way to enjoy his swansong than in his beloved provinces, trying to endow Chichester with critical acclaim to match its undoubted audience appeal.

Concerts/**Richard Fairman**

Rattle continues 'Towards the Millennium'

In retrospect, it was probably never going to last until the year 2000. Simon Rattle took up his post as principal conductor with the City of Birmingham Symphony Orchestra back in 1980 and it is only to be expected that he would feel his career was demanding a move by now, even if there were still challenges to be met in Birmingham.

Although he will relinquish his position in 1998, Rattle has undertaken to work with the CBSO for at least two months a year each season. This period will presumably cover "Towards the Millennium", his ambitious project to chart the course of musical history in the 20th century decade by decade. He has arrived at the 1950s this year and with so much still to come, it would be unthinkable to go on without him – not least because the choice of music has been so fascinatingly slanted towards Rattle's own enthusiasms, each passionately argued for concert by concert.

In fact the 1950s offer rather slim pickings. Some renowned composers of the '30s and '40s were still doing their accustomed things; but the ferment of post-Webern serialism was just starting to spread outward from conservatories and workshops, and only the most intrepid serialists were envisaging large-scale concert works.

For his first concert Rattle's choice fell upon old Stravinsky's new-fangled *Agon* (1957), Messiaen's *Chronochromie* (premiered in 1960), and Karl-Heinz Stockhausen's *Gruppen* ("groups") for three orchestras and three conductors. For the latter, he was joined by John Carewe and Daniel Harding, and between them they achieved a performance of remarkable finesse – or rather two performances, for they seized the rare opportunity to play it a second time: *Gruppen* is never going to be a repertoire piece.

One would like to have heard it in Birmingham's Symphony Hall, which affords better space for arranging the bands. At the Royal Festival Hall the second and third orchestras had to be fitted into the front sides, a little way above the first. They sounded satisfactorily distinct, but the climax – when great brass chords are flung from hand to band – had nothing like the impact it once did in the Albert Hall, when we seemed to be engulfed in the whirlpool of sound. In compensation, we could appreciate the spidery delicacy of the quiet passages better; the elaborate formal ground-plan, however, was never meant to be audible to mere listeners, nor was it here.

The strange colours of *Chronochromie*, almost tactile, were as fascinating as ever. This was a work from which Messiaen expunged most of the post-romantic elements that made his earlier music readily appealing; they would return, but the austerity of *Chronochromie* restored his credit with the young serialists. As for Stravinsky's ballet *Agon*, in which he adapted his dry, crackling earlier style to some serialist experimentation, it wears wonderfully well: bracing, witty, timeless. A harder edge from the CBSO strings would have enhanced it.

For the second concert Rattle looked east towards the more conservative trends of the Communist bloc. The programme opened with a rarity: Martinů's *The Epic of Gilgamesh*. Although the Czech Martinu had left his homeland at the start of the war and by the 1950s was settled in the US, his music of this period remains rooted in the Czech style, not unlike Janáček. Very little in *Gilgamesh* lets on that the work was written as late as 1955. The music is content to be an accompaniment to the story, an ancient Babylonian legend, touching on a mystic atmosphere here and there, much as Martinu did in his opera *Julietta*. This time, however, the material seems thin on the ground. There are too many blank patches left for reciting the story and not enough narrative drive to hold one's concentration. David Wilson-Johnson, as the bass Gilgamesh, did his best to give some urgency to the proceedings. The City of Birmingham Symphony Chorus was well-balanced and accurate.

In the Soviet Union Stalin's grip on artistic life extended well beyond his death in 1953. By then Shostakovich was well advanced on his Tenth Symphony, outwardly a grand symphonic statement to please the authorities, but with a subversive conscience at core. The CBSO performance was more than a showpiece. Rattle can release emotions from a work that one never thought were there, making his Shostakovich touch upon moments so full of feeling they felt more like Mahler. When Rattle has gone, the CBSO may well reflect "We've never had it so good!".

Further "Towards the Millennium" concerts in Birmingham, Cardiff and London

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM
CONCERT
Concertgebouw
Tel: 31-20-5730573
● Vermeer Quartet: perform works by Brahms, Haydn and Ginastera; 8.15pm; Mar 20, 22

■ ANTWERP
CONCERT
De Singel
Tel: 32-3-2483800
● Beethoven Academie: with conductor Lucas Vis, viola-player Aldo Bennici and violinist Otto Derolez perform works by Berio and Pousseur; 8pm; Mar 21

■ BERLIN
CONCERT
Konzerthaus
Tel: 49-30-203090
● Berliner Sinfonie-Orchester: with conductor Wassily Sinaisky and cellist Thorleif Thedeen perform works by J. Strauss, Schoenberg and R. Strauss; 8pm; Mar 21, 22, 23, 25 (7pm)
MUSICAL
Metropol-Theater
Tel: 49-30-202460
● Anatevka (Fiddler on the Roof): by Bock (in German). Directed by Joachim Franke, starring Winfried Schneider, Maria Mallé and Hans Recknagel; 7.30pm; Mar 21

■ CHICAGO
CONCERT
Orchestra Hall Tel: 1-312-435-6666
● Chicago Symphony Orchestra: with conductor Riccardo Chailly perform works by Rossini, Janáček and Brahms; 7.30pm; Mar 19

■ COLOGNE
CONCERT
Kölner Philharmonie
Tel: 49-221-2040820
● Tokyo String Quartet: perform Beethoven's String Quartet No. 12 in E flat major, Op. 127 and Bartók's String Quartet No. 5; 8pm; Mar 19

■ DRESDEN
OPERA
Sächsische Staatsoper Dresden
Tel: 49-351-49110
● Die Meistersinger von Nürnberg: by Wagner. Conducted by Christof Prick and performed by the Sächsische Staatsoper Dresden. Soloists include Eva Johansson, Kurt Moll and Hans Sotin. Opening Opernfestspiele; 5pm; Mar 21

■ HELSINKI
OPERA
Opera House Tel: 358-0-403021
● Tosca: by Puccini. Conducted by Kari Tikka and performed by the Helsinki Opera. Soloists include Pirkko Törnqvist, Peter Lindroos, Esa Ruutunen and Hannu Forsberg; 7pm; Mar 20, 22, 25

■ LAUSANNE
CONCERT
Salle du Métropole
Tel: 41-21-3122707
● Orchestre de Chambre de Lausanne: with conductor Lawrence Foster, clarinettist Thomas Friedli and horn-player Markus Häberling perform works by Barber, Haugland, Copland and Piston; 8pm; Mar 19

■ LILLE
OPERA
Opéra de Lille Tel: 33-20 06 88 04
● Pelléas et Mélisande: by Debussy. Conducted by Jean-Claude Casadesus and performed by the Opéra de Lille. Soloists include Gérard Théruel, Mireille Delunsch and Armand Arapian; 8pm; Mar 19, 21, 23

■ LONDON
CONCERT
Wigmore Hall
Tel: 44-171-9352141
● Larissa Diadkova: accompanied by pianist Larissa Gergieva. The mezzo-soprano performs songs by Mahler, R. Strauss and Rachmaninov; 7.30pm; Mar 20
OPERA
Royal Opera House - Covent Garden Tel: 44-171-2129234
● La traviata: by Verdi. Conducted by Carlo Rizzi and performed by The Royal Opera. Soloists include Andrea Rost, Ramon Vargas, Helen Lothian and Gillian Knight; 7pm; Mar 19, 23 (7.30pm)
● The Royal Opera: with conductor Carlo Rizzi perform Mascagni's Cavalleria Rusticana and Leoncavallo's Pagliacci; 7.30pm; Mar 20, 22

■ MARSEILLE
OPERA
Opéra de Marseille
Tel: 33-91 55 00 70
● La traviata: by Verdi. Conducted by Nello Santi and performed by the Opéra de Marseille; 8.30pm; Mar 19, 21, 24 (2.30pm)

■ MILAN
OPERA
Teatro alla Scala di Milano
Tel: 39-2-72003744
● Fedora: by Giordano. Conducted by Gianandrea Gavazzeni and performed by the Teatro alla Scala. Soloists include José Carreras, Plácido Domingo and Mirella Freni; 8pm; Mar 19

■ MUNICH
DANCE
Nationaltheater
Tel: 49-89-21851920
● Swan Lake: a choreography by Barra/Patipa/Iwanov to music by Tchaikovsky, performed by the Bayerisches Staatsballett; 7.30pm; Mar 20
EXHIBITION
Kunsthalle der Hypo-Kulturstiftung
Tel: 49-89-224412
● Christian Rohlfs – Eine Retrospektive: retrospective exhibition devoted to the work of this German Expressionist painter (1849-1938). The display includes some 120 paintings and 30 works on paper; from Mar 22 to Jun 16

■ NEW YORK
CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● Los Angeles New Music Group: with conductor Esa-Pekka Salonen, clarinettist Lorin Levee and soprano Anu Komsi perform works by Stucky, Kaipainen, Salonen and Schoenberg; 8pm; Mar 22

■ PARIS
EXHIBITION
Institut Néerlandais
Tel: 33-1 47 05 85 99
● De Pisanello à Tiepolo. Dessins Vénitiens de la Collection Frits Lugt: exhibition of 126 Venetian drawings from the Frits Lugt Collection. The display includes works created in the atelier of Pisanello and his teacher Stefano da Verona, drawings by the Tiepolo family, and works by artists such as Mantegna, Bellini, Titian, Veronese, Vivarini, Carpaccio and Canaletto; from Mar 21 to May 5
OPERA
L'Opéra de Paris Bastille
Tel: 33-1 44 73 13 99
● Faust: by Gounod. Conducted by Yves Abel and performed by the Opéra National de Paris; 7.30pm; Mar 20, 22, 25

■ STUTTGART
DANCE
Staatstheater Stuttgart
Tel: 49-711-20320
● Stuttgart Ballett: perform Marius Petipa's Paquita to music by Minkus, George Balanchine's Chaconne to music by Gluck, and a choreography by Uwe Scholz to Bartók's Piano Concerto No. 1; 7.30pm; Mar 20, 21 (7pm)

■ VIENNA
CONCERT
Konzerthaus Tel: 43-1-7121211
● City of Birmingham Symphony Orchestra: with conductor Simon Rattle and oboist Jonathan Kelly perform works by Britten, Stravinsky and Shostakovich; 7.30pm; Mar 22
Musikverein Tel: 43-1-5058681
● Wiener Symphoniker: with conductor Georges Prêtre perform works by Tchaikovsky and Ravel; 7.30pm; Mar 20, 21
OPERA
Wiener Staatsoper
Tel: 43-1-514442960
● Salome: by R. Strauss. Conducted by Janos Kulka and performed by the Wiener Staatsoper; 8pm; Mar 21

■ WASHINGTON
CONCERT
Concert Hall Tel: 1-202-467 4600
● National Symphony Orchestra: with conductor Leonard Slatkin and pianists Katia and Marielle Labèque perform works by Moran, Rossini, Berio, Poulenc and Saint-Saëns; 7pm; Mar 19

■ ZURICH
CONCERT
Tonhalle Tel: 41-1-2063434
● Tonhalle-Orchester: with conductor Jan Krenz perform works by Roussel, Kranz and Beethoven; 8pm; Mar 20, 21 (7.30pm)

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Financial Times Business Tonight

Michael Prowse · America

Blame consumers

Executives who fire workers are only obeying the orders of their bosses – the fickle consumers who buy their products

There is a new villain in US public life: the callous corporate executive who is so obsessed with raising profits that he casually fires thousands of hard-working employees. This class of public enemy was singled out in New Hampshire by Mr Pat Buchanan, the now-fading Republican presidential candidate. But the US media has since rushed to the defence of the "little guys" whose lives are allegedly being destroyed by business tycoons.

In a cover story entitled "Corporate Killers," Newsweek magazine published mug shots of the worst offenders. Under each photograph, it printed two carefully chosen figures: the salary of the executive in question and the number of employees he had recently fired. The figures for Mr Robert Allen, chief executive of AT&T, the telecommunications giant, looked particularly grim. He announced 40,000 redundancies (more than any other chief executive barring Mr Louis Gerstner of IBM, the computer group) while taking home a salary of $3.4m (£2.2m) – the highest of any of the "killers" listed.

Equally anxious to capitalise on the trendy theme of "economic insecurity", The New York Times ran a blockbuster seven-part series called "The Downsizing of America". This shamelessly tugged at readers' heart-strings by offering graphic descriptions of the way corporate restructuring has disrupted or ruined the lives of individuals and communities. Readers, for example, heard the sad story of a downsized banker now earning $12,000 a year as a clerk in a tourist office.

Do top executives deserve to be treated as public enemies? It seems a trifle unjust if you look at the economy's overall performance. Thanks to a surge in business investment, the US is enjoying the fifth year of a solid economic expansion. The jobless rate has fallen to 5.5 per cent, one of the lowest levels seen in two decades. Contrary to the impression created by heavily-publicised redundancies at a handful of Fortune 500 companies, the US corporate sector is generating job opportunities at an astonishing rate. Payroll employment has risen by 8 per cent since President Bill Clinton took office and by about 30 per cent since 1980. There is little evidence of faster job turnover, except for workers with few skills.

If pushed, critics will concede the macroeconomic picture is bright. But they say this does not justify individual acts of corporate brutality. In too many cases, the chief executives of large companies are behaving like heartless dictators. They are sacking more workers than is strictly necessary in order to inflate profits – and the value of their share options. A civilised society, the argument runs, should not tolerate such a capricious exercise of power by people who are unaccountable to society at large.

This line of criticism, while popular, reveals a misunderstanding of market capitalism. Chief executives certainly enjoy the trappings of power. They fly in personal jets and work in lavish offices. They give orders to subordinates. They announce plant closures and redundancies. Yet they do not enjoy real autonomy, say, of the kind exercised by the planning director in a communist state. They cannot indulge their personal whims because they are rigidly constrained by the need to make profits. And in fiercely competitive markets – such as those where the big job cuts are occurring – there is only one way to be profitable. This is by straining every corporate muscle to satisfy the ever-changing desires of consumers.

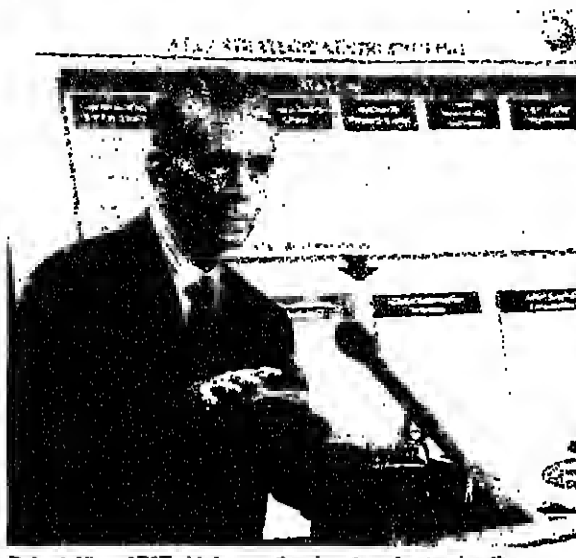
It is not chief executives who are ordering the downsizing of America. They are only responding to the orders of their bosses – the millions of consumers who buy their goods. If the hordes of "little guys" who frequent the nation's shopping malls were content to buy exactly the same goods from the same companies year after year, there would be little need for corporate restructuring. But US consumers are never happy with the status quo. They jump at the opportunity to buy new products, or existing products at lower prices. They want the latest computer, the best software, the fastest modem. If Microsoft or Compaq, say, offer better deals than IBM, they do not hesitate to switch suppliers.

As consumers we have every right to behave in this fickle fashion. The glory of market capitalism is that individuals have a free choice. Yet it is hardly fair if, while reaping the extraordinary benefits of this system, we condemn corporate executives for taking precisely the steps that are necessary if they are to meet our demands. It is we, not they, who are fickle. It is we, not they, who are demanding shifts in the composition of the labour force. It is we, not they, who are saying the skills of some of our fellows are now redundant.

Does this reveal a fatal flaw in capitalism? After all, what is the value of consumer "sovereignty" if its exercise results in unacceptable instability of employment? The answer is that job instability is much less serious than usually claimed. In an average year 2 to 3 per cent of Americans are fired or made redundant. This is surely a reasonable price to pay for the benefits of market capitalism.

But there is a need for public education about the nature of markets. Too often people assume their job should be safe provided they are conscientious and provided the economy does not slip into a bad recession. This is not, and never has been, true of capitalism. The jobs of workers in the horse-and-buggy industry were doomed from the day the first "Model T" Ford rolled off the production line.

None of us should count on having a job for life – or indeed for any set period. We should instead try to adapt to the economy's changing needs and protect ourselves against the risk of redundancy by saving more. We should recognise that, far from being anti-social, the reviled "corporate killers" are actually serving the community: their actions are a pre-condition for the economic progress we all demand.



Robert Allen, AT&T chief executive: In return for serving the consumer he is accused of being a 'corporate murderer'

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e.mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Power groups benefit from sharing experience

From Mr Graham Ward.

Sir, Following the debate on cross-border power deals sparked by David Lascelles ("Power groups in overseas charge", March 5) I would like to put a different perspective.

Cross-border mergers and acquisitions can indeed be hazardous as one of your respondents has recently noted. However, when one is considering the questions raised by mergers and acquisitions in overseas markets, it is necessary, as a precondition, to be clear that one understands what specific ideas, skills and talents are required. These would then be brought by the investor to the target company's operation, to increase the value of the investment.

The new competitive energy markets open around the world are proving to be attractive to inward investors. The power utilities with the best current profit experience in such markets are the UK utilities. This is because they are able to share not only the experience gained in the home market but their ideas, skills and talents.

By sharing their experience, the British power utilities are adding value, not only to their own shareholders but to the consumers in local communities. Inward investment and an informed and flexible market approach bring a rise in supply and service, while offering cost savings to the consumer.

Graham Ward, chairman,
World Utilities Group,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY, UK

The nature of true subsidiarity

From Mr Ken Bodfish.

Sir, Regarding the UK government's white paper for the intergovernmental conference ("Government risks revolt by Eurosceptics", March 12), the government argues that subsidiarity is a key concept to take to the conference. Local government agrees.

However, true subsidiarity is not just about the transfer of function from Brussels to member states. True, subsidiarity means devolving power to the institutions closest to the people.

This conference will seek to restore confidence in the European Union. Throughout Europe, local and regional government is a positive and dynamic force reflecting the interests of its communities.

By working with national governments and the EU, sub-national government offers the best way to enhance a citizens Europe.

We hope the UK government will endorse the true meaning of subsidiarity and support the principle of a democratic Europe in partnership with all forms of government.

Ken Bodfish,
chairman,
Local Government Initiative for IGC 96,
35 Great Smith Street,
London SW1P 93BJ, UK.

The European challenge

From Mr Tony Morgan.

Sir, The Confederation of British Industry's common sense call for rational, factual dialogue on Europe is welcome ("CBI acts to push business to top of European debate", March 4). Businesses have long despaired at bureaucratic wranglings which are far removed from the daily priority of competitiveness. Political dogma and debate have not helped businesses dealing with the challenges of European and global markets.

The UK has focused on modifying EU directives through regulations which, in many cases, overburden rather than free up organisations, often proving costly for the growing number of small businesses. The UK may be near the top of the list of countries producing a "cascade" of national regulations (according to EU commissioner Martin Bangemann. "Bangemann defends Brussels on red tape", March 1). But some UK employers, such as United Biscuits and BT, have focused their efforts on the spirit rather than the letter of the law, leading in consultation with employees through European works councils.

Both the Trades Union Congress and the CBI are seeking a more practical debate based on the realities of the workplace. Perhaps we can look forward to the UK making a constructive contribution to the ongoing debate on standards and good practice which will benefit European employers and employees.

Tony Morgan,
chief executive,
The Industrial Society,
48 Bryanston Square,
London W1 7LN, UK

Grief and compassion in Dunblane

From Mr Howard Jolley.

Sir, I share John Major's horror and wish to disbelieve the tragedy at Dunblane ("Gunman massacres 16 children in Scottish school", March 14).

We listen with interest to the UK prime minister's views on many topics. But I wonder at the journalistic criteria by which we solicit a politician's opinion on matters of this nature.

Do we now require our political leaders to be our touchstone for human compassion?

Howard Jolley,
Solomou & Gounari 46,
Glyphada,
166 74 Athens,
Greece

Tosca works, so please don't fix it

From Mr Thomas Rosenberg.

Sir, Neither *Tosca* nor Puccini need "exoneration" ("Tosca exonerated", March 7) but the director, Keith Warner, needs a better counsel for the defence than Stephen Pettitt.

Mr Warner belongs to the "auteur" school of directing, a group which believes that opera cannot be left in the inept hands of composer, librettist, conductor or singer.

Puccini had no doubts how to fashion his story into a moving drama and made his operas uncomplicated and self-evident so that the spectator understands what takes place on the stage.

He was the greatest *fin-de-siecle* exponent of operatic realism and did not believe he had created a "highly dubious heroine" badly in need of psychoanalysis.

Opera lovers want to know who's singing, who's conducting and with what orchestra. This also applies to buying records and discs as well as buying tickets.

No one asks who's directing, staging, lighting or designing the costumes. Undoubtedly, this offends the likes of Mr Warner and Mr Pettitt. But after 96 years, *Tosca* works, so don't fix it.

Thomas Rosenberg,
Le Villanchier,
84220 Roussillon,
France

A pillar in need of support

EU members are still far from entrusting justice and policing to Brussels, says Emma Tucker

When Belgium released from custody a Spanish couple suspected of helping Basque Eta terrorists last month, Spain was livid. At the end of last year, France attacked the Netherlands over the Dutch government's liberal approach to soft drugs which it blamed for undermining French campaigns against drug peddling.

Such tensions highlight the gap between the rhetoric and reality of the European Union's attempts to co-ordinate policies on justice and home affairs. These efforts, conducted under what is known as the third pillar of the Maastricht treaty, are at the heart of the Union's ambitions to grant freedom of movement to people inside its external borders.

This can happen only if EU member states join forces to keep a grip on internal security. For the removal of barriers to goods, services and capital under the single market simultaneously removed barriers to cross-border crime, including illegal immigration, fraud, drug trafficking and other offences that were formerly policed by national interior ministries.

As the Dutch government says in its review of the third pillar: "Crime now transcends national frontiers and is organised on an international scale. If these problems are to be dealt with, effective co-operation with the EU is essential."

But progress has been feeble. Only three binding agreements have been adopted since the Maastricht treaty came into force two years ago:

- A limited convention on extradition, covering only those who agree to be extradited.
- The launch of the Europol Drugs Unit, an organisation – without executive authority – for analysing the trade in drugs, nuclear substances and stolen cars.
- Steps towards easing travel by non-EU schoolchildren inside the Union, inspired by the plight of Moroccan children legally resident in France who were turned away at the Belgian border on school trips to the coast.

Much more lengthy is the list of issues where member states have failed to agree. These include the external borders convention, which aims to establish a common approach to policing the Union's outer frontier. The convention is unsigned because of a dispute between the UK and Spain over Gibraltar as well as the UK's determination to exclude the European Court from any role in administering it. Until it is agreed, other initiatives remain blocked, including the application of common visa rules for third country nationals visiting the Union, plus common approaches on asylum and immigration. "There is a general consensus that things have not worked in the way they need to, given the challenges we are facing," says a German diplomat.

The most obvious explanation for the third pillar's mediocre record is that bringing 15 legal and judicial traditions into line was always going to be difficult. For centuries, interior and justice ministries developed their own approaches to issues affecting national sovereignty and are reluctant to abandon them.

"Civil servants in interior ministries are very conservative," says one Brussels official. "They are still locked into a 19th-century mentality. It should really not have taken two years to sort out Moroccan eight-year-olds going to the beach for a day." The alternative explanation for the failure of the third pillar – one favoured by the Commission and more integrationist members such as the Benelux countries and Germany – is that the arrangements for managing it are too cumbersome.

All decisions on justice and home affairs have to be taken by consensus, allowing just one member to prevent the other 14 from moving ahead. For example, a proposed joint initiative on fighting racism and xenophobia remains on ice because of UK opposition. It objected to the wording of the agreement which would have required changes to UK race relations laws.

The near-paralysis allowed by consensus decision-making – not only in justice and home affairs but in all areas of EU policymaking – will be a focal point of the intergovernmental conference which starts at the end of the month.

The Commission and its allies argue that issues such as asylum, fraud, immigration, drugs and customs should cease to be matters for consensus; instead the treaty should be changed to allow the Commission to initiate legislation which would be subject to qualified majority voting in the Council of Ministers. The Germans – key movers on the third pillar because of pressure at home for action – do not want all matters connected with home affairs to be "communitarised" in this way. But they would like certain issues, such as asylum, to be subject to qualified majority voting.

A further dispute over whether the European Court should have a role in monitoring the application of security policy across the EU has already hampered the establishment of Europol, the pan-European police agency yet to function. The Dutch government, backed by the Commission, is keen to have the Court oversee justice and home affairs to protect human rights. The Germans, too, want to involve the court. But the British are resisting attempts to transfer sovereignty away from the UK judicial system to the Luxembourg-based court.

The British are also opposed to losing their veto through the introduction of qualified majority voting. They insist that all is working well inside the third pillar and there is no need for anything more than minor modifications. "There is a need to improve what we have got," says a British diplomat. "But rather than seeking treaty changes, we should stick to pillar three and modify it."

Perhaps the most pivotal role on the future shape of the pillar will be played by the French. In submissions to the intergovernmental conference they have placed themselves firmly on the middle ground, and could tilt either way. As Gaullists they could veer towards the British view, arguing for intergovernmental co-operation and reserving as many powers for national authorities as possible. On the other hand, they may, in the spirit of Franco-German co-operation, decide to give the Germans what they want.

"Our proposal is to leave the third pillar as it is, but to apply qualified majority voting to certain subjects, such as asylum," says a French spokeswoman. "We would prefer to keep the intergovernmental approach, especially on justice and police, but we see a need for greater efficiency."

One compromise idea being floated in Brussels is "variable geometry" – allowing member states that want to press ahead in particular areas to do so, and leaving others to join when they see fit.

"The idea of opting in and out is a good way to proceed," says Ms Anita Gradin, the commissioner for justice and home affairs. "It already applies for economic and monetary union, but of course one has to be careful not to allow the Union to become too fragmented."

The idea has already been put in practice with the Schengen agreement, under which seven states have agreed to dismantle their internal border controls, while others maintained them. But the arrangement is still not functioning a year after it was signed because of France's insistence on keeping its border checks.

Once again, the reality suggests that member states have a long way to go before they will entrust the sensitive questions of justice and policing to the Union rather than the nation state.

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FINANCIAL TIMES

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Monday March 18 1996

Fokker's lesson for Europe

The bankruptcy of Fokker, the Dutch commercial aircraft manufacturer, has provoked much public breast-beating in the Netherlands. That is an understandable response to the disappearance of an illustrious corporate name, and of almost 6,000 jobs. However, viewed from a more detached perspective, Fokker's fall marks an overdue acceptance of commercial reality in a European industry where that commodity has long been lacking.

In truth, Fokker had no viable future. Extension of the emergency government financing granted in January would probably only have prolonged the company's agony. As a high-cost producer in a market bedevilled by fierce worldwide price-cutting, it suffered a crippling handicap. Its problems proved too daunting for Dasa, the German aerospace group which acquired majority control of Fokker three years ago – and apparently for any prospective commercial saviour.

The company's collapse also highlights the pressures mounting throughout the European industry. Aerospace manufacturing has long been perceived in many countries primarily as a symbol of nationhood and a powerhouse of technological expertise. Profitability has been a secondary concern. But now that governments are being forced to curtail the generous support on which the industry has depended, it needs to seek other routes to survival.

The most fashionable is mergers. In theory, they offer the comforting prospect of increased size and scale economies. However, the importance of these advantages – and the ease of achieving them – is often over-estimated. Such wishful thinking led Daimler-Benz, Dasa's parent, into a series of ruinous acquisitions, including Fokker.

Undeterred, the French government is bent on ramming together Aérospatiale and Dassault, the country's biggest aerospace companies. The idea seems inspired more by the hope that a merged group could have a bigger say in future Europe-wide restructuring than by any evidence that the companies are natural partners. Not only do they compete in separate markets, but Dassault's reluctance to discuss the plan also suggests that integration with Aérospatiale is unlikely to go smoothly.

The biggest danger of rushing into mergers is that they may distract management from the rationalisation and cost-cutting which should be the top priority. Not only is much of Europe's aerospace industry inefficient, it is also too big. To survive, it needs radically to reduce capacity.

So far, only British Aerospace has tackled that challenge in earnest. The resulting benefits for the UK company should spur other European companies into equally bold restructuring to improve their competitiveness. But the fact that Fokker also slimmed down its operations dramatically in recent years is a grim warning that not all of them may succeed.

Reform in Africa

It was not only a one-horse race. The race itself was fixed. Mr Robert Mugabe deceives no one but himself if he thinks his weekend victory in Zimbabwe's presidential elections represents a renewal of his mandate.

State funding of his ruling Zanu party, control of most of the media and harassment of the opposition explain why he ended up the only candidate in an election weighted in his favour. Unfortunately, few governments or international organisations will take him to task.

Western donors will not, despite their policy of linking aid to good government. And the Commonwealth is unlikely to warn Mr Mugabe that he risks losing his invitation to next year's summit.

One reason for this silence is that by the standards of most of the continent, Mr Mugabe is far from being the worst offender. This is all the more reason for concern – about the state of democracy not only in Zimbabwe, but in sub-Saharan Africa as a whole.

Over the past few years parliamentary elections have been held in 35 of the region's 48 countries. The last few days alone have seen polls in Sierra Leone, Comoros, Benin and Nigeria. Most have been flawed. Rather than genuine exercises in democracy, they have more often been efforts to outwit donors. African leaders have learnt how to do enough to keep the threat of aid sanctions at bay, while withholding genuine choice from voters.

It is true that in many countries the press has become freer, human rights are more respected, debate is less restricted and economic reform is under way. But not enough thought has gone into devising constitutions appropriate to Africa's circumstances. Winner-take-all systems, inherited from colonial powers, do not accommodate ethnic loyalties or the role of traditional leaders, nor do they allow for decentralisation as a check on central government.

Too many African governments continue to drag their heels over privatisation, reluctant to lose the patronage that helps keep them in office. Throughout much of Africa, reform is too slow, international monitoring too lax. Donors as well as African governments should devote more resources to strengthening the institutions that underpin good government: helping to create efficient civil services, free of political interference; building independent judiciaries; and developing a free press.

If Mr Boutros Boutros Ghali, the UN secretary general, said as much, he might win more support for the $25bn (£16bn) Africa programme intended to ease the continent's crisis, which he launched last week. Responsibility for change ultimately rests with African electorates and governments. But outsiders do democracy no service if they stay silent when it is traduced.

Mandarin revolt

Britain's retired mandarin elite has risen in revolt. No fewer than five former permanent secretaries rallied the House of Lords in a debate earlier this month to condemn government plans for the privatisation of Recruitment and Assessment Services, a small agency responsible for assessing and testing candidates for the Whitehall fast stream. Ministers were defeated by a thumping majority, with many serving civil servants privately cheering from the sidelines.

There is concern that the 140-strong agency's privatisation might endanger the performance of its job of providing largely administrative support for Whitehall recruitment. These fears appear exaggerated. The agency will hold a five-year exclusive contract after privatisation, and the selection of recruits from long-lists will continue to be done by Whitehall panels as now. There is unlikely to be much gain from the privatisation, but there is still less likely to be much loss, given the safeguards built into the process.

Yet the privatisation of one small agency was more the occasion than the cause of the revolt. Senior civil servants are increasingly unhappy with government policies for reforming Whitehall across the board. Understandably so, because the civil service they used to know and love is being dismantled around them.

Cost-cutting has reached the very top, with upwards of a fifth of top departmental posts axed in senior management reviews over the past 18 months. Autonomous agencies have sprouted everywhere, destroying the old command structure. And there is no longer even a guarantee that the top posts will go to insiders, following the government's decision last year to open a swathe of top jobs to outsiders.

Most of the government's changes have been desirable, however unpalatable to officials. The drive to improve managerial competence and reduce overheads was long overdue. So was the encouragement of greater interchange between Whitehall and the private sector – in both directions – although it has amounted to precious little as yet.

The mandarins have been conspicuously silent about other reforms. Senior civil servants' pay has risen sharply in recent years – and is set to rocket under new arrangements for devolving pay and grading to departments, alongside large increases in the maximum pay ceiling for the top grades.

It would be wrong, however, to conclude that all is rosy. The constitutional status of the new executive agencies is obscure, and has already given rise to serious problems. And the process by which agencies are designated for privatisation should be made more open to parliamentary scrutiny – even if this opens up the possibility of future defeats in the Lords.

FT Interview · **Lindsay Owen-Jones**

Made up and ready to roll

The head of French cosmetics giant L'Oréal tells **Peter Martin** and **Andrew Jack** about his US expansion plans

Lindsay Owen-Jones, chairman of L'Oréal, the world's biggest cosmetics group, is the ultimate company man. Asked how he defines his nationality, he says: "First and foremost, I'm L'Oréalien."

It is a tactful answer from a foreigner running a quintessentially French company, and it reflects the fierce loyalty L'Oréal inspires.

But Mr Owen-Jones, who is also known as an amateur racing-car driver, has not finished his reply. He goes on: "Then I'd like to think I was a world citizen." On a strictly personal level, he adds, he's growing more attached to his Liverpool-Welsh roots. And "as a manager, I'm a Continental European."

The carefully nuanced reply says a lot about the complexity of running a company that is trying hard to internationalise itself, without losing the strengths of its French heritage.

This balancing act now faces its trickiest moment, as L'Oréal prepares to absorb Maybelline, the cosmetics supplier to the American heartland that it has agreed to buy for $608m (£397m).

The task of merging two cultures will be made more difficult by L'Oréal's traditional ambivalence about acquisitions. Last September, for example, Mr Owen-Jones told a French interviewer that "acquisitions could make you lose your head".

He said then: "They take you away from your business. Internal growth, by contrast, reunites you with your own territory."

Asked how he squares that answer with the Maybelline acquisition, Mr Owen-Jones has no difficulty in resolving the apparent contradiction. "I don't think our basic belief has changed at all," he says. "We really have always striven to fuel this company with internal growth and I think we will continue to do that. But there are specific cases where we believe an acquisition is the way to go."

Mass-market cosmetics – Maybelline's core business – is such a case. "It's associated with fixtures on the walls of customers" – racks of shop shelves dedicated to particular brands.

"That tends to make it extremely difficult for competitors to break into the market. We've done it successfully with the L'Oréal brand – but precisely because we realise how long it's taken us we felt that was one of the few areas in which an acquisition was justified."

Another virtue of the deal, he says, is that "we felt that we had world-class technology in that area and simply not enough volume worldwide".

The Maybelline deal is the latest step towards acquiring global scale in mass-market cosmetics, along with developing L'Oréal's own brands and acquiring Jade, a German competitor.

The company calls its strategy "class and mass". It launches innovative products for its luxury brands, such as Lancôme, exploiting a consumer appetite that appears to know no bounds – its largest Lancôme counter has just opened in Shanghai. Then, a couple of years later, it finds ways of using the same technology at lower costs, in its mass-market brands.

Technology is not, perhaps, a word that most outsiders associate with the cosmetics business. However, L'Oréal, founded by a turn-of-the-century chemist to make hair colouring, has always prided itself on its research base. "At a time when it was fashionable to say cosmetics was selling hope in a jar, we were selling high-technology," says Mr Owen-Jones.

Innovation has helped the company reach $10bn in sales last year. It also helps deal with competitive pressures worsened by the entry of such giant companies as Procter & Gamble and Unilever into the cosmetics industry. Mr Owen-Jones says the press has persistently exaggerated the threat to L'Oréal posed by these big companies. After all, he says, their depth of expertise lies in areas such as soaps, toothpaste, cheap shampoo and deodorants, where L'Oréal is not a competitor.

But what about the legendary aggressiveness of the brand managers at the two big consumer-product groups? Well, he says, "we've got some legendary aggressiveness all of our own". He goes on to display some: "Frankly, the onus is not on me to explain how we are facing their competition but on them to justify how successful they are in trying to challenge us in this particular business."

The aggressiveness is visible not just in the tenacity of the L'Oréal sales force, but also in the cost-cutting exercise Mr Owen-Jones has launched in recent years. This is in part a response to consistent downward pressure on prices, which shows up, for example, in the way in which new perfume brands have consistently been launched at lower prices than their predecessors. Without the cost-cutting, says Mr Owen-Jones, margins would have suffered dramatically.

"Everybody knows that what Henry Ford said – it's great if the customer can have any colour they want as long as it's black – is basically still true industrially today. If you could make only one product in endless quantities that would still be a lot cheaper than anything else."

But previous attempts to simplify cosmetics product ranges have always run into the same problem Henry Ford experienced: ultimately, customers do not want it.

"You don't win against customers who want to identify themselves as male or female, young or old, fine hair/thick hair, long hair/short hair and all the other thousand and one segments which really are a vital part of the way people see themselves as consumers today."

So this time, L'Oréal decided to reduce not the number of product offerings, but the types of packaging in which they are sold. "We may need 120 different stock-keeping units of Biotherm, but do they really need to use as many different bottles, caps, tubes, boxes and so on?" By sharply reducing the number of types of packaging components, big economies of scale in purchasing were possible.

The next crusade, Mr Owen-Jones says, may be one to reduce the number of ingredients – but that is a lot harder, because the ingredients chosen for a particular product are a result of the technical state of the art at the time it was designed. Simplifying the number of ingredients would involve retrospectively re-designing L'Oréal's entire range of products, a huge task.

Helped by the cost-cutting and higher sales, L'Oréal's profitability has steadily improved since Mr Owen-Jones took over in 1988. Is he satisfied? "Never, no way. There is still a lot to be done." Recent figures showing pre-tax profit at 11 per cent of sales are not enough. "This is a value-added business and we should have bigger ambitions. If people can have 9 per cent in food we should have our sights higher."

Mr Owen-Jones – known as OJ in the company – joined L'Oréal in 1969, straight from business school, and spent the first year driving round the back roads of Normandy selling sachets of Dop shampoo to municipal bath-houses. It's a baptism of fire which is still required of new management recruits, helping to produce the mixture of "poet and peasant" which the company prides itself on in its staff.

What is OJ's own management style? "Intuitive, superstitious and mercurial, which is the polite way of saying you blow up occasionally. I used to be a rugby player so I'm energetic and fairly hard-nosed. But I'm also quite diplomatic, surprisingly."

But personal style doesn't really matter, he says. "Our executives have as many different management styles as there are people but they all have one thing in common: an instinctive understanding of what consumers will buy in cosmetics." Successful cosmetics companies depend on that flair, but the real challenge, he says, is to ensure that it is widely spread throughout the management.

"The drama of cosmetics companies is that they often live and die with one person. Charles Revson created an empire and then it very nearly died when he died. Before the second world war, François Coty had a multinational French company that is now just a brand in America." Other victims of this trend were Helena Rubinstein and Elizabeth Arden, both companies that suffered badly when the founder died.

So far, L'Oréal has managed to hand that skill on from one generation of managers to another. Mr Owen-Jones says: "I have a typically L'Oréal gift for understanding what will please consumers, a seventh sense for what will be successful. And what I'm trying to achieve is to identify the other people in this company who have that same sense and hand them more and more the responsibility for choosing what we launch." Still, he keeps a tight rein on the most important new products, reserving the right to offer his top managers "advice" that they would do well to heed.

In one way, at least, advice works both ways. His parallel career as an amateur racing-car driver is drawing to a close. Mr Owen-Jones celebrated his 50th birthday yesterday. Passing that milestone has led him to promise his wife he will give up racing at the end of this year.

· OBSERVER ·

Some of New York's finest

■ Has Rudolph Giuliani flipped? If New York's feisty mayor stands any chance of being re-elected next year – which he does – it will be largely on the back of his astonishing record in cutting the city's crime rate. For that, he must thank his talented police commissioner, William Bratton, who has shaken up the city's police department by introducing modern management techniques.

Yet far from thanking Bratton, Giuliani seems bent on driving him out. Apparently jealous of the publicity Bratton's skills have earned, he recently humiliated the commissioner by wiping out his press bureau. Now he is piling on an even bigger insult, by making Bratton sweat over the renewal of his contract.

The delay has been caused, it seems, because the mayor has ordered an ethics review over a book deal signed by Bratton and a freebie trip to the Dominican Republic, where the commissioner stayed at a mansion owned by the multi-millionaire leveraged buy-out whizz Henry Kravis.

This looks plain daft. After all, a book deal cannot hurt the city, and it is hard to see any conflict of interest in Bratton's friendship with Kravis. The freebie was perhaps unwise; but as Bratton says, it's not his fault if his friends happen to be rich.

Given all this Bratton looks like he might turn his back on law enforcement and head for the private sector. A warm welcome awaits him if he does: he has all the makings of a great chief executive. And if he were to have any trouble finding a job, Kravis can always solve the problem – by buying his friend a company.

Ejector seat

■ In Rolls-Royce's 1996 calendar, the month of March boasts the headline "Strong partnership" and witters on about how "working in partnership with customers and suppliers is the route to success".

The picture underneath is clearly a Fokker jet with a confused-looking chap in the cockpit. Rolls, of course – used to – supply all the engines for Fokker's planes.

Hard to keep pace

■ Italy's more than usually bruising election campaign looks set to break up a few old friendships.

Last week, Carlo Pace, an economics professor, friend of and former advisor to Lamberto Dini, decided to give up his job as chairman of the troubled Banco di Napoli: he wants to run for parliament. Nothing dubious about that – except he's joining forces not with the Italian prime minister's centre-left Lista Dini, but the far-right National Alliance.

Pace's power base around Naples may have strengthened during his few months heading Banco di Napoli. Until very recently the bank was considered a pathway to political power in the south. It will do his campaign no harm if in one of his last acts as chairman, the bank's March 27 board meeting can clear the way for a recapitalisation, thus putting behind it record losses for the last two years.

Olympian task

■ Nicholas Blessios, just appointed by Greece's socialist government to take over as chairman of Olympic Airways, has – wisely enough – decided to take a sabbatical from his chair at the Piraeus business school, rather than resign. Since 1990, the average tenure for a chairman or chief executive at the Greek state carrier has been less than nine months.

A specialist in total quality management, his expertise should come in useful: Olympic has just completed the first year of a three-year rescue plan agreed with Brussels.

But given his track record, Blessios is perhaps a puzzling choice. He headed the Athens Urban Transport Organisation when the socialists were last in power, in the 1980s. By the time Blessios left, the city bus company had accrued debts of almost $1bn. By contrast, Rigas Doganis, Olympic's departing chairman, managed to make Olympic profitable during his 13-month tenure – for the first time since 1977.

Doganis got along well with EU officials supervising the restructuring plan, but was sacked by the government after clashing with Olympic's trade unions, which wield considerable political influence. An expert on aviation economics, Doganis is heading back to Cranfield management school.

But his unhappy experience with Olympic should bring some benefit: he's likely to be snapped up as a consultant by one of several other Europeans involved in an EU-backed restructuring.

Thoroughbred

■ Warren Buffett's annual letter to Berkshire Hathaway shareholders, posted to them today, contains the usual mixture of anecdotes, jokes, admissions of mistakes and wisdom. Buffett says that companies looking at takeovers should beware of what sellers tell them; to illustrate, he tells this tale.

A man says to a veterinary surgeon: "Can you help me? Sometimes my horse walks just fine and sometimes he limps." Replies the vet: "No problem. When he's walking fine, sell him."

The Financial Times

100 years ago

Dr. Jameson's trial

Dr. Jameson and his fellow defendants appeared at Bow Street Magistrates' Court in London yesterday to answer to the charge of having contravened the Foreign Enlistment Act by fitting out, within the Queen's Dominions, a military expedition to proceed against the South African Republic - a friendly State. The Boers were represented, Sir George Lewis announcing that he was there on behalf of the Transvaal Government. Philip Leopold Hill was called as a witness and stated that he had joined the Chartered police at Bulawayo before that body was formed into troops and Dr. Jameson addressed the men. Sir John Willoughby had also spoken, and hoped the men would do their best, and 110 rounds of ammunition per man were served out, with one feed for each horse. When Hill's troop met the Boers, the force was surrounded and the flag of truce was raised. The column surrendered and was marched to Pretoria.

[Dr Starr Jameson was a close collaborator of Cecil Rhodes who hoped that British possessions in Africa would stretch from Cairo to the Cape of Good Hope. In 1895 Jameson led a raid on the Transvaal Republic in an effort to overthrow the government headed by President Paul Kruger.]

FINANCIAL TIMES
Monday March 18 1996

McDonald's aims for the in-flight heights

Fries the limit in this new hamburger heaven

By Richard Tomkins in New York

From Guam to Guadeloupe, there are few places on earth where you cannot get a Big Mac. Now McDonald's is taking the next step in its bid to dominate the globe and is reaching for the sky.

On April 1, the first airborne McDonald's, dubbed McPlane, will take off from Switzerland carrying passengers to the literal equivalent of hamburger heaven.

The aircraft, a 166-seat McDonnell Douglas MD-81, will be painted red with the McDonald's name in white letters along the sides. The golden arches motif will appear on the tail.

The interior will attempt to recreate the ambience of a typical McDonald's restaurant. It will be decorated in McDonald's house colours, and the flight attendants will be supplemented by a McDonald's hostess.

The experimental project is a joint venture between McDonald's Switzerland, the Swiss tour operator Hotelplan, and Crossair, the charter subsidiary of the Swiss national airline, Swissair.

Hotelplan will use the Crossair-operated aircraft as part of its programme of package tours taking holidaymakers from Swiss airports to Disneyland Paris and Mediterranean resorts.

Mr Christophe Richterich, director of marketing and communications for McDonald's Switzerland, said the aircraft was intended to make charter flights more fun, especially for families with children. "The idea is that their holidays should start at the airport, not at their destination," he said.

The McPlane concept stems from McDonald's attempts to saturate the global market with its products. The company is opening an increasing number of restaurants in unusual locations.

There are now McDonald's restaurants in more than 30 hospitals worldwide; in Wal-Mart discount stores across the US; in the National Museum of Natural Science in Taichung, Taiwan; on the MS Silja Europa, a Swedish cruise ferry; and on trains in Germany and Switzerland.

McDonald's said its airborne restaurant would not be quite the same as the earthbound equivalent. There would be no wandering up to a counter to order meals, for example: they would be served in the same way as conventional in-flight meals.

One drawback with the McPlane is that customers will have to go without fries because nobody has yet found a way of achieving a satisfactory flavour without deep frying, which is too dangerous when in the air.

Mr Richterich acknowledged that customers might even have to go without their Big Macs. "There will be lots of items from the McDonald's menu," he said. "And there will certainly be burgers on board. But they may not be the usual ones. Let's just say they will be McPlane burgers."

Pacific Rim countries in cautious line on currencies

By William Dawkins in Kyoto

Finance ministers of Pacific Rim countries yesterday called on the region's governments to pursue sound economic policies in an attempt to ensure exchange rate stability and continued growth.

A meeting of the Asia Pacific Economic Co-operation forum in Kyoto pledged, in a broad communiqué short on detail, to work for stable capital flows, to develop financial and capital markets and to mobilise private sector cash for infrastructure.

The accord welcomed the "orderly reversal" of the yen's rise against the dollar which began in the middle of last year and welcomed existing initiatives for enhancing co-operation among monetary authorities in the region.

But, in a disappointment for Japan, the statement steered clear of suggesting how Apec members would like the dollar-yen rate to evolve. It made no mention of ideas, informally floated by Japanese finance ministry officials, to build on existing currency co-ordination between central banks in Asia.

Mr Robert Rubin, US treasury secretary, said there was "general agreement that the path to exchange rate stability is sound macroeconomic policy". A senior Japanese finance ministry official pointed out that the US and Japan were unable on their own to stabilise the yen-dollar rate.

All Apec members had a legitimate interest in a stable yen-dollar rate and some power to influence it, the Japanese official said. Japan would pursue currency co-operation at many levels, including in the Group of Seven leading industrialised nations, he said.

East Asian countries were eager for further steps towards exchange rate stability, if only to reduce the risk of a rise in their yen debt payments, but less keen to assume the financial cost of avoiding another sharp rise in the Japanese currency.

Mr Anwar Ibrahim, the Malaysian finance minister, pointed out that developing countries could ill afford to intervene in the yen-dollar market.

Capital flows into emerging Apec economies had made a significant contribution to growth, said the communiqué.

It welcomed the International Monetary Fund's efforts to increase resources to assist members facing a Mexican-style capital crisis, including the plans to double funds available under its General Agreement to Borrow.

Apec members said they would seek an "appropriate policy mix", to promote high savings rates, curb public borrowing and develop domestic capital markets, said the report. But social needs must be taken into account when pursuing fiscal prudence.

Harmony reigns, Page 5

THE LEX COLUMN

Bagging a bonus

A peek into an investment banker's diary might reveal the following entries: January – collect bonus; February – ring headhunter; March – move to new job on big package.

This year the poaching season looks especially vigorous. One reason is the cyclical demand for new staff in the wake of last year's strong trading performance and the boom in mergers and acquisitions. But the more aggressive hirers have another agenda: they want to become part of an emerging global "bulge bracket". Top US investment banks, such as Goldman Sachs and Morgan Stanley, have already developed a strong presence in the main financial markets, helping them to win lucrative cross-border business. European late-comers, such as SBC Warburg and Deutsche Morgan Grenfell, and US stragglers, such as Lehman Brothers, are trying to catch up.

This is bad news for the perennial struggle to contain staff costs. Executives are lured with better packages, which are then matched by their existing employers in an effort to hang on to the best people. Carrots such as guaranteed bonuses are becoming more common. Investment banks have boasted of greater differentiation between rewards given to best and worst performers. But if remuneration at the top end continues to rise sharply, so will the salaries bill.

The other snag is that while there are a dozen or so contenders for a place at the global investment banking table, there are probably seats for only half that number. Those falling by the wayside will then be unable to sustain a big and expensive staff – especially if the bearish turn taken by the financial markets continues and the rash of M&A deals dries up.

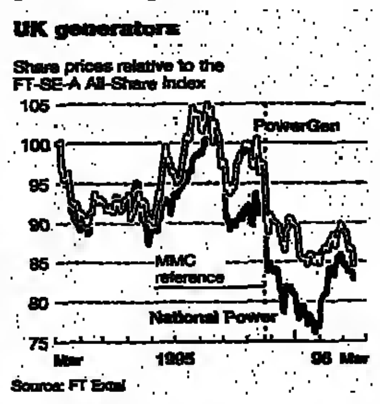
Siebe/Unitech

Unitech, in which Siebe bought a 25 per cent stake on Friday, would make a tempting mouthful for the big engineer. Power supply converters, Unitech's main product range, are technically similar to Siebe's surge arrestors – both protect computers and telecoms equipment from power surges. Unitech is the world's leading independent manufacturer of power supplies, but has lacked the financial muscle to expand in a fragmented market. The much larger Siebe could provide that. Siebe must also be attracted by Unitech's Asian exposure through its 51 per cent stake in Nemic-Lambda, a quoted Japanese power supply maker.

Unitech's second division, which produces heating and ventilation controls, complements Siebe's own appliance controls. Unitech has an array of high-margin electronic controls but is largely confined to Europe, while Siebe is strong in the US. Unitech's smallest business, connectors, could easily be sold for £40m to £50m.

UK generators

Share prices relative to the FT-SE-A All-Share Index



Source: FT Extel

But Siebe will have to pay up if it wants to secure an agreed deal. Unitech is growing strongly, with earnings expected to increase 15 per cent this year and next. An offer of 750p a share would value Unitech at nearly £500m or a high-looking 24 times this year's earnings. But Siebe has already bought a quarter of the company from Electrowatt at 590p per share. And if the current £250m value of the Nemic-Lambda stake (before capital gains tax) is subtracted, the rest of Unitech is being valued at only 12 times. Siebe has a good record in making acquisitions work and will probably use its own highly-rated shares, so Unitech investors should hold out for a decent price.

UK electricity

Crunch time is approaching for the UK electricity sector. This week the Monopolies and Mergers Commission is due to report on whether the generators should be allowed to bid for regional electricity companies (recs) – at which point the government will have to start making up its mind. As investors know to their cost, second-guessing the government on this subject is not easy.

The issue is not whether integrated businesses would enjoy an advantage over independent recs. They would. Integrated companies, unlike independent recs, do not need to hedge themselves against volatility in electricity prices. And they are in a position to make the most of this advantage, by making prices more volatile. This is bad news for independent recs; it is also probably bad news for new entrants trying to break into generation. The tricky question is whether this matters. On one view, the prospect of a few big integrated businesses slugging it out in a deregulated market is the best possible news for customers: any bloated margins will be competed away. The problem is that once integrated businesses have strangled weaker competitors, they could easily settle into a cosy oligopoly.

Hence there is a real chance that the government could ban the bids – or at least attach conditions that are too onerous for the generators. But shareholders in the generators should hold their nerve. The market is already discounting the risks: the shares have underperformed sharply since the MMC reference. Even if the bids are blocked, shareholders have juicy share buy-backs or special dividends to look forward to instead.

UK property

For tax-exempt institutions such as pension funds, investing in property presents big problems. It is tax-inefficient for them to buy property shares because such companies must pay taxes the institutions cannot claim back.

Exempt investors can and do get round this by investing directly in individual properties. But this means taking on a heavy administrative burden, as well as putting up with investments that can be very difficult to sell.

For years, therefore, investors have been hunting for a way to turn properties into a liquid and tax-efficient tradeable security. With general property investment trusts ruled out by the tax authorities, property unit trusts (PUTs) are the best answer so far. They certainly eliminate the tax problem. The snag is that, although they are more liquid than buying individual properties, they often still cannot be turned into cash without a delay – and a fat bid-offer spread.

The stock exchange has an opportunity to do something about this. It is thinking about listing PUTs – and it should. The result would be to turn them into something close to an investment trust: a security that investors could buy or sell at will. In normal circumstances at least, the bid-offer spread in the market should be much better for investors than that on offer from the trusts themselves.

The biggest problem for PUTs so far is that they are not really large enough to spread their risk to the same extent as the biggest property companies and direct institutional holdings. Listing PUTs should help: by boosting their popularity, it should also boost their size.

Buffett successor

Continued from Page 1

dread of mortality, and reveres longevity. His theory is that "managers only hit their stride after they reach 70".

In previons annual reports, Mr Buffett has said he would run Berkshire "for as long as I remain functional", that be keeps a picture of George Foreman, the beavyweight boxer still fighting in bis forties, on his desk, and that "our scorn for a mandatory retirement age will grow stronger every year".

In the 1995 report, Mr Buffett gives further details of a proposed stock split, which will involve a $100m share offering. However, be adds that with the sbare price at around $36,000, "Berkshire is selling at a price at which Charlie and I would not consider buying it".

Italy

Continued from Page 1

year, be has beld off, partly fearing that the financial markets might react badly because of Italy's continuing political instability. The European Commission is sympatbetic to his argument that, far from exploiting an undervalued lira, Italy is already paying an interest rate premium as a result of its continuing high public deficits.

Most experts believe that there is no chance of restoring narrower bands before Emu. Therefore, the 15 heads of government are likely to apply retrospective jodgement on fluctuation margins wben they make their decision on who qualifies for Emo entry, most likely in April 1998.

Germans threaten strike in protest at foreign labour

By Wolfgang Münchau in Frankfurt

German building workers have threatened to call the country's first nationwide construction strike after the breakdown of talks over the introduction of a minimum wage to reduce the use of cbeap foreign labour on building sites.

A strike would risk intensifying Germany's current economic downturn, which has been partly caused by a sharp fall in construction activity.

In a sign of the increasing acrimony, Mr Klaus Wiesebügel, president of IG Bau, the construction union, this weekend accused employers of bebaving like organised criminals by "making big bucks from cheap wages".

Meanwhile, Mr Klaus Töpfer, construction minister, warned that a failure to agree would be "poison for the German construction sector and a slap in the face for construction workers".

German trade unionists and politicians from all parties have reacted with alarm to the influx of foreign workers and the simultaneous rise in unemployment among German construction workers. Around 200,000 foreign workers are estimated to work on German boilding sites, wbile 350,000 German construction workers are unemployed.

The foreign workers often earn less than half the wages of German workers doing the same job and employers save even more on social security contributions.

Many of the foreign workers are employed by sub-contractors registered in low-wage European Union countries: a Portuguese sub-contractor can hire workers in Portugal on a Portuguese contract and wages before "posting" them to Germany.

After the EU failed to agree on a directive for "posted workers", Germany last year decided to legislate to impose a minimum wage for the construction industry, whicb would reduce the incentives for companies to "import" foreign-registered workers.

The law – which does not apply to existing building sites – technically took effect on March 1, bot cannot come into effect until the employers and IG Ban have agreed a minimum wage.

IG Bau is demanding an hourly minimum wage of DM19.58 ($13.20) – equivalent to the lowest wage band for German construction workers – to make foreign labour less attractive to German building employers.

Construction employers are officially committed to the principle of a minimum wage but have rejected the union figure as too high. Employers are also seeking a long transitional period to the minimum wage, regardless of the level at which it is set.

The dispute is now subject to independent arbitration. IG Bau officials indicated they are not optimistic about the chances of arbitration, but added they would abide by the process and not call a strike as long as it continoes.

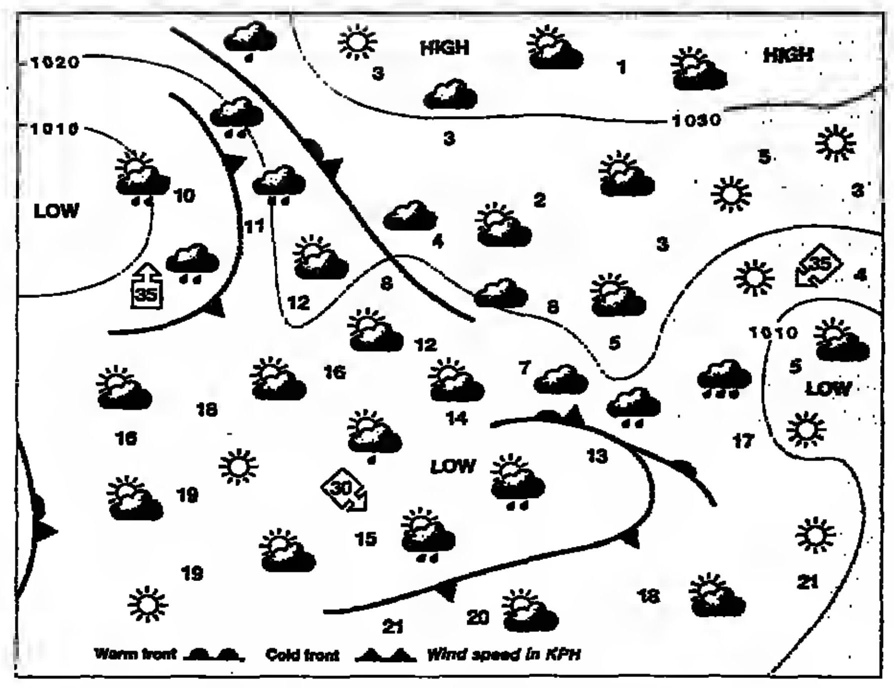
FT WEATHER GUIDE

Europe today

A strong ridge of high pressure from Scandinavia to the Urals will maintain tranquil conditions over much of Europe. In addition, this high pressure area will keep approaching Atlantic disturbances away from the continent so that only the most western sections will be affected. As a result, the south-west UK and western France will have showers. The eastern British Isles, the Benelux, Germany and the eastern Alps will be cloudy but mostly dry. Much of the western part of the continent will have sunny spells but the central Mediterranean will be mostly overcast with showers. Central and eastern Europe will be partly cloudy but mainly dry.

Five-day forecast

Central and eastern Europe will be settled as high pressure stalls over the area. Several new Atlantic low pressure systems will affect the British Isles, western France and north-west Spain. The unsettled conditions over the central Mediterranean will move east allowing springtime conditions to return.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius														
Abu Dhabi	sun	28	Beijing	fair	8	Caracas	fair	29	Faro	fair	17	Madrid	sun	15	Rangoon	sun	34
Accra	fair	31	Belfast	shower	10	Cardiff	shower	10	Frankfurt	cloudy	11	Majorca	sun	16	Reykjavik	fair	5
Algiers	sun	16	Belgrade	fair	9	Casablanca	cloudy	18	Geneva	drzl	12	Malta	shower	16	Rio	fair	29
Amsterdam	fair	7	Berlin	fair	5	Chicago	cloudy	6	Gibraltar	fair	17	Manchester	fair	9	Rome	shower	15
Athens	rain	13	Bermuda	fair	20	Cologne	cloudy	10	Glasgow	drzl	9	Manila	fair	31	S. Frsco	sun	21
Atlanta	thund	18	Bogota	fair	21	Dakar	sun	24	Hamburg	cloudy	5	Melbourne	fair	22	Seoul	fair	7
B. Aires	sun	30	Bombay	fair	33	Dallas	fair	18	Helsinki	fair	-2	Mexico City	fair	24	Singapore	fair	33
B.ham	fair	8	Brussels	fair	9	Delhi	cloudy	27	Hong Kong	rain	21	Miami	fair	28	Stockholm	fair	3
Bangkok	sun	37	Budapest	fair	8	Dubai	sun	28	Honolulu	fair	30	Milan	cloudy	10	Strasbourg	cloudy	11
Barcelona	sun	14	C.hagen	fair	4	Dublin	fair	10	Istanbul	rain	6	Montreal	rain	5	Sydney	fair	25
			Cairo	fair	21	Dubrovnik	cloudy	14	Jakarta	cloudy	31	Moscow	fair	-4	Tangier	cloudy	17
			Cape Town	sun	25	Edinburgh	cloudy	8	Jersey	shower	11	Munich	drzl	5	Tel Aviv	fair	20
									Karachi	shower	29	Nairobi	fair	23	Tokyo	shower	10
									Kuwait	sun	25	Naples	rain	15	Toronto	fair	5
									L. Angeles	sun	22	Nassau	sun	26	Vancouver	shower	12
									Las Palmas	cloudy	22	New York	cloudy	9	Venice	cloudy	12
									Lima	cloudy	27	Nice	fair	15	Vienna	cloudy	7
									Lisbon	fair	16	Nicosia	fair	20	Warsaw	fair	1
									London	cloudy	12	Oslo	fair	12	Washington	rain	8
									Luxbourg	cloudy	6	Paris	fair	16	Wellington	rain	16
									Lyon	cloudy	11	Perth	sun	23	Winnipeg	snow	-3
									Madeira	shower	20	Prague	cloudy	5	Zurich	cloudy	10

FINANCIAL TIMES
COMPANIES & MARKETS

Monday March 18 1996

Scania sale may raise up to SKr18bn

By Hugh Carnegy in Stockholm

Sweden's Wallenbarg industrial ampire aims to earn SKr15.5bn-SKr18.5bn ($2.3bn-$2.7bn) from the sale of a 50 per cent holding in Scania, the truckmaker, in one of the biggest stock market flotations of its kind.

Investor, the Wallenberg investment group which wholly owns Scania, said this weekend it was setting a price range for the initial public offering (IPO) of SKr155-SKr185 *a share. This* would value Scania, one of the world's leading truckmakers, at SKr31bn-SKr37bn.

The company will be listed on the Stockholm bourse and will become the first Swedish company traded on the New York Stock Exchange.

There will he an over-allotment tranche available of 5 per cent of Scania's stock and a further 20 per cent of the *company is to be offered to* Investor shareholders in the form of warrants giving the right to purchase Scania stock at the IPO price.

Investor said tha Scania issue was the biggest IPO in a private company. The total flotation exceeda any of the recent Swedish privatisation issues and is twice the size of tha unprecedented SKr7.8bn rights issua last year by Ericsson, the telecommunications group.

The price range is broadly in line with market expectations. It values the company at between 9.45 and 11.28 times last year's net profits of SKr3.28bn. Scania has not yet published an earnings forecast for 1996.

Investor and its advisers, which first announced the flotation last month, were jolted by the slide on US markets 10 days ago. But the restoration of calm last week and tha recent strength of cyclical *stocks has instilled confidence* that the issue will succeed.

The offering, *handled* by Morgan Stanley, Enskilda Securities and SBC Warburg, is to be split into four tranches, with 35-45 per cent going to Nordic investors, 25-30 per cent to the US, 20-25 per cent to the UK and 8-12 per cent to the rest of the world.

A final price will be set in the week beginning April 1.

Investor missed the chance to float Scania last year at the *top of the truck industry cycle* because it wanted to wait until the company launcbed its 4-series truck range in October. Although pre-tax profits rose last year to SKr4.85bn, from SKr3.68bn, earnings slipped in the fourth quarter as demand flattened in Scania'a cbief European marketa and fell back in South America.

Scania is the world's most profitable beavy truckmaker with an operating margin of 15.4 per cent last year.

Hoechst to unveil joint plastics venture

By Jenny Luesby in London

Hoecbst, the German chemicals company, will soon unveil a joint venture that will *put it among Europe'a leading* plastics producers.

The company is thought to be close to a deal with OMV, the Austrian oil refiner, involving OMV's refining and petrochemicals complex at Burghausen in Germany. Burghausen refines nearly 3m tonnes of crude oil a year into plastics and raw materials for plastics.

OMV has been seeking a merger for its plastics business for almost two years, as part of a strategic emphasis on its primary business of oil refining.

A deal with Repsol of Spain last year fell through at the *final stages*, OMV wanted to confine the joint venture operations to Europe, but Repsol was committed to international expansion.

At Hoechst, the plastics business has been seeking a European partner that produces its own raw materials. As a medium-sized producer of polypropylene and polyethylene, Hoechst lacks critical mass in an overcrowded market. It is also beavily dependent on outside suppliers for its raw materials, buying more than 1m tonnes a year of ethylene at highly volatile prices.

OMV is one of its ethylene suppliers, providing 200,000 tonnes a year from Burghausen to Wacker, the 50 per cent-owned Hoechst subsidiary.

Mr Claude Sonder, head of Hoechst's plastics division, said last week the group had *expected to unveil the plastics* deal in the first quarter.

It will now take a little longer, he said, but the result would be a single-step solution to the group's problems of size and raw material supply.

"Our aim is to be in the top four or five plastics producers in Europe," said Mr Sonder.

Hoechst produces 1.2m *tonnes a year of* polyethylene and polypropylene, split equally, giving it a market share of 7 per cent.

OMV produces 415,000 tonnes of polypropylene and also makes polyethylene, ethylene, and propylene.

SCMP looks at cash offer in battle for TVE

By John Ridding, in Hong Kong

South China Morning Post, *publisher of Hong Kong's* leading English language daily newspaper, is considering a cash component in its bid for TVE, or an increased offer, in the contest for control of the media and property group.

SCMP's one-for-two sbare offer, which valned TVE at HK$1.15bn (US$149m) when it was launched last month, last week prompted a HK$1.07bn cash bid from Shaw Brothers, *the film production* and distribution company.

Mr Robert Kuok, chairman of South China Morning Post, already holds just under 35 per cent of TVE through his Kerry Media group. The offer for the company pits him against Sir Run Run Shaw, the *Hong Kong film magnate* and chairman of Shaw Brothers, *which also holds a stake* of more than 30 per cent in TVE.

SCMP shareholders cleared the share-swap offer last week, but the company then said it was undecided about how to react to tha Shaw Brothers' bid. Financial sources said, several options, including a higber offer or a cash element, were under consideration.

Media analysts said the new bid appeared to reflect an attempt by Shaw Brothers to extract an increased offer from SCMP. But they expressed surprise about the battle for TVE, a disparate group with interests ranging from magazines to mini-stores.

The performance of TVE has been affected by the more difficult retail environment in Hong Kong, with net profits falling to HK$33.2m for the first half of last year, down from HK$36.4m.

Mr Kuok has cited the attractions of TVE's Chinese language magazines, including TV Week and Amoeba, the youth magazine. He is also thought to be drawn by tha *property holdings of TVE*, which have been valned at almost HK$800m.

In rejecting the bid, TVE dismissed *SCMP's claims of* synergies and said the offer was inadequate. It also argued that its business ties with Television Broadcasts, the Hong Kong TV and media company, would be damaged.

TVE said it had formed an independent committee to evaluate the offer from Shaw Brothers. Industry analysts *said that* although the cash option might prove attractive given the *volatility* of the Hong Kong stock market, they were unsure *of the strategic* motives behind the offer and of how Shaw Brothers would finance the deal.

There is much at stake as Chinese companies prepare to test overseas sentiment

The Long March to win investors' hearts

The next batch of Chinese companies to be offered to international investors is being primed to parada down the catwalk. Panda Electronics, the television manufacturer, and *Guangzhou-Shenzhen Railway* are among those vying to be first to the market over the coming weeks and to help regain momentum for the mainland's overseas listings drive.

There is much at stake. The dismal track record of many Chinese listings has disillusioned investors and damaged credibility. Beijing's credit *squeeze has* increased *demand* for overseas funds for its flagship companies. For Hong Kong, home to most of China's international issues, successful listings are vital to cement its rola as the mainland's source of capital.

"The next issues will be very important," says Mr Wong Wai-ming, deputy managing director of HSBC corporate finance in Hong Kong. They *will test the international* appetite for H-shares, the name given to former Chinese state companies listed in Hong Kong, and pricing strategies.

Despite the poor performance of previous issues, which saw price falls of 15-70 per cent for most H-shares last year, and the fragility of the Hong Kong market – rattled by *China's* tough *stance* on Taiwan – some observers see grounds for optimism.

"Recovery may be on the way," says the head of China research at one investment bank. "The Taiwan issue has created a cloud for the moment, but there has been an underlying improvament in investor sentiment towards China."

This partly reflects indications that Beijing's tight monetary policy will be eased, raising *bopes of a stronger* economic performance in the *second half* of the year. Mrs Cassindy Chao, at Goldman Sachs, cites a strong inflow of US and European capital into regional markets this year, while others point to reduced uncertainty over taxation and tariff policies on the mainland.

However, whether this translates into smooth issues depends on the candidates *pushed forward* and their pricing strategies. Many of tha dozen or so *companies slated* for an international listing have patchy earnings records. Some issues, such as Guangdong Fotao, a ceramics group, have previously been shelved, whila several analysts express reservations abont Panda's prospects in a fiercely competitive market.

However, there are more pos*itive assessments of some of* the bigger transport and utility candidates, including the Guangzhou-Shenzhen Railway. "The company is profitable and, more importantly, has a predictable earnings stream," says one investment banker. He predicts the offering will raise abont US$400m, one of the biggest H-share issues to *date*.

On pricing, there are signs of moderation. Jingwei Textiles was listed this year on a prospective price-earnings multiple of just over six times, a far cry from the exaggerated ratings on which H-shares were launched in 1993.

But even with lower pricing, investors cite broader coocerns. Mr John Pennink, of Regent Fund Management in Hong Kong, argues that the quality of disclosure, *transparency and management at Chi*nese state enterprises continue to present too big a risk. "China may be attractive, but H-shares have proved a bad way in," he says.

Some believe a better way lies in B-shares, which are listed on the Sbanghai and Shenzhen stock exchanges and which are reserved for foreigners. They are generally cheaper than overseas issues in terms of price-earnings multiples.

Mr Wang Huizhong, official at the Sbangbai stock exchange, says there may be as many as 10 new B-share issues this year. But judging by the sluggish market in the first two months, this may be optimistic. Mr John Crossman, Jardine Fleming's chief representative in Shanghai, warns that "really miserable" company results, due over the next few weeks, *could dampen the appe*tite for new issues.

Even with *potentially big* issues in the pipeline, such as Shenergy, the power company, these markets are faced with problems of liquidity and size. The combined capitalisation of the B-share markets in Shanghai and Shenzhen is about US$2bn, less than the value of *the 18 H-shares*.

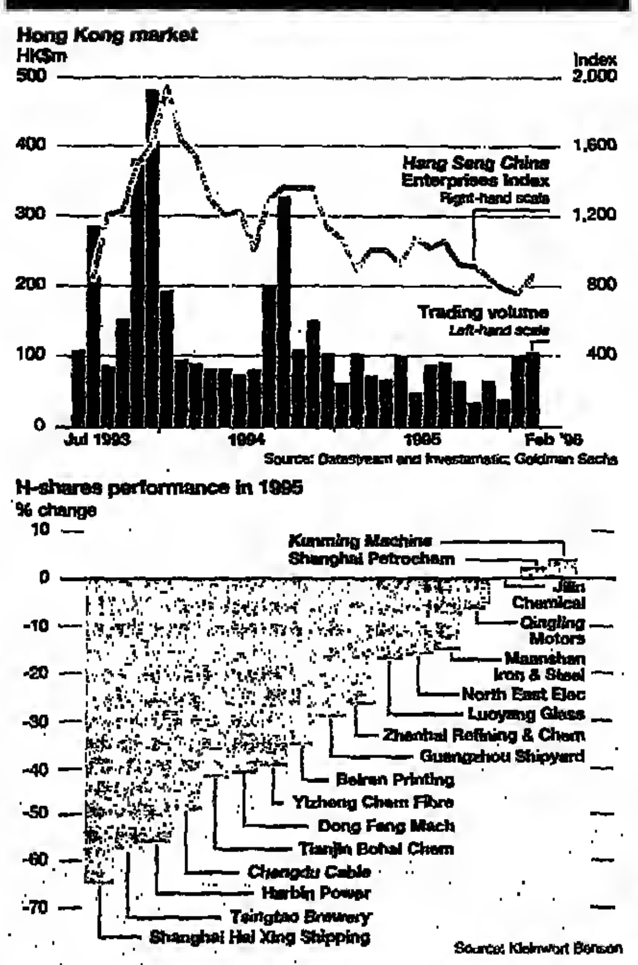
Hong Kong is confident that it can retain the lead in raising international equity capital for China's industry. Two power companies have been listed in New York and Singapore is also vying to win mainland listings, but trading volumes have been low and liquidity is a persistent concern.

"Hong Kong remains the natural centre for Chinese issues, not just because of our proximity but also becausa we are *established* as the conduit for overseas Chinese funds," says Mr Rafael Hui, the government's secretary for financial services. This view is backed by Mr Li Jiange, vice-chairman of China's Securities Regulatory Commission, who said last month that Hong Kong would remain tbe main market for overseas listings.

Another official stressed the need to push the listings drive, *not just to raise capital, but* also to increase the exposure of state enterprises to international management practices. Unless the forthcoming issues prove mora successful than many of their precursors, bowever, this drive will be uphill.

John Ridding and Tony Walker

Chinese H-shares: sweet and sour



Source: Datastream and Investamatic; Goldman Sachs
Source: Kleinwort Benson

CNP considers direct life assurance sales in break with public sector

By Andrew Jack in Paris

Caisse Nationala de Prevoyance, France'a largest *life assurance group, is considering* hiring its own team of agents to sell its policies and launching a telephone-based direct sales service.

The move marks a radical shift for the state-owned group – away from its practice of relying on partnership agreements with public sector institutions – as it prepares for partial privatisation.

It also reflects growing competition in the life assurance market in France, which has *the largest* volume of sales in Europe.

The initiative would also be one of the boldest moves into *direct selling of insurance policies* in France, a technique which has had relatively little success so far.

The details are still being finalised, but CNP executives are *discussing* the creation of a telephone sales operation this year, *to help commercialise its* policies.

CNP's sales are generated through the French post office, the Caisse d'Epargne *national* savings network and the local offices of the French Treasury. The products are backed by television advertising campaigns.

However, CNP's rivals and industry analysts have questioned the long-term value of a group without its own sales network and which is based largely on *accords* with a limited lifespan.

The French government last week repeated its commitment to sell part of CNP. The present plan is for the flotation to include a fund-raising element, with an equity issue backed by state-controlled shareholders such as the post office.

Last year, the post office signed a new contract with CNP, pledging to provide it with a continued but declining *market share of life assurance* sales in France over the next decade.

However, the post office also signed, for the first time, a contract for a rival life assurance policy with a competing group, Assurances Générales da France.

The idea of insurance policy sales and the management of claims by telephone is *spread*ing across Europe as insurers *experiment with new forms of* marketing, inspired by the success of direct telephone-based sales in tha UK.

Although a number of French insurance groups have attampted to launch direct sales services through foreign snbsidiaries, they have had less success in their domestic market, where *telephone sales* accounted for just 4 per cent of life and 3 per cent of non-life sales in 1994.

One reason is the resistance of France's network of 17,000 "general agents" linked to the large insurance groups, which see telephone sales as a threat. CNP has no such network to restrain it.

In 1995, CNP accounted for 17 per cent of life assurance sales in France, with reported sales of FFr84bn ($16.6bn). Net *income for the first half of the* year was FFr711m.

SBC arm tops UK advisers

By Nicholas Denton in London

SBC Warburg has maintained its position as the leading financial adviser in the City, according to Crawford's *Directory of City Connections*, but it *has been forced to share* at least six of its most valuable clients with competitors.

And it has just suffered another setback with its client Siebe, the controls group, hiring the US investment bank Morgan Stanley to advise in negotiations to agree a £450m takeover of Unitech, the electronics group. It is also understood that Dixons, one of its leading UK retail sector clients, is in discussions with other institutions.

SBC Warburg, created when Swiss Bank Corporation acquired S.G. Warburg last year, scored 126 points in the 1996 edition of Crawford'a, compared with 125.5 the year before and 108.5 for its nearest rival, Schroders, the independent UK investment bank. *Crawford's gives one point for* each sole client and half for a joint one.

SBC Warburg maintains an undiluted role with many large clients such as Grand Metropolitan and Reed International. It has, moreover, picked up several smaller clients and been involved in a series of M&A deals.

It inherited the most powerful client list in the City, but appears to be suffering more than most from flux in investment banking relationships.

"It was not possible to service that entire cliant list," said Mr Ken Costa, chairman of SBC Warburg's investment banking board. "The pack is being shuffled at the moment. Inevitably people are looking around. Companies are having multiple advisers."

He maintained that SBC Warburg's expertise in cross-border acquisitions would be attractive to companies which had run out of potential targets in the UK. And, with SBC's derivatives and trading expertise, a greater range of products was being offered.

Crawford's demonstrates that US investment banks have made strong inroads in the UK. Although outside the top 20 advisers, Morgan Stanley won positions as joint adviser to several leading UK groups.

Chemical defeats Chase in London tussle

By Philip Gawith

Chemical Bank has comprehensively defeated its merger partner Chase in the struggle for control of the foreign exchange operations of the two banks, which merge from March 31.

At least 10 people have left Chase's London office already, and the departures are expected to quicken over the next two weeks before the two operations merge in a single dealing room at Vintners Place, where Chase's operations are situated.

Management at Chemical in London have confirmed that it is their intention to cut the foreign exchange staff by 20 per cent. The combined complement of the two banks was around 230-240, which suggests that close to 50 jobs will be lost. Cost savings were an important reason for the merger.

Foreign exchange is a key component in the wider merger. Both banks have a strong foreign exchange franchise and their combined operations should make them the largest foreign exchange bank in the market.

Morale among Chase staff is said to be poor because they were given repeated assurances after the merger was announced last August that there would be a place for them in the new bank. "Right now it looks pretty bleak for the Chase people. They look like second class citizens," said one former Chase employee.

Foreign exchange managers at other London banks confirm that they are the seeing the CVs of fairly senior Chase people. Deutsche Morgan Grenfell, SBC Warburg, Citibank and Nations Bank have all been mentioned as potential hirers.

The culture of the two banks is very different, with Chase a friendlier, more customer-oriented business. Chemical has a reputation for being much more regimented and disciplined – with alcohol frowned upon at lunch, for example.

They also have a different approach to foreign exchange. Chemical is more volume and price driven, while Chase has tended to focus on bespoke, higher value-added business.

Some of the Chase staff who have left already include Ms Sarah Sullivan, head of options marketing, who has joined HSBC Midland, and Mr Chris Lynch, who has taken a team of three forwards traders to NatWest Markets. Another forwards trader has joined a European customer, and estimates are that 3 or 4 will be left out of a team of 10 or 11. Six spot traders out of a total of about 25 have left.

The two banks said 12,000 jobs would be lost from the combined global staff complement of 75,000.

Royal Belge in insurance deal with Post Office

By Neil Buckley in Brussels

Royale Belge, Belgium's second-largest insurance and banking group, said it had formed two joint ventures with the Belgian Post Office to sell insurance through its branches, as it announced a 12 per cent increase in net profit for 1995 to BFr6.2bn ($204m).

The group, which offers a range of financial services in the Benelux countries, won the competition to sign a 10-year exclusive distribution agreement with the Post Office in February 1995.

Royale Belge said yesterday it had deepened the relationship at the end of the year by forming two life and non-life insurance subsidiaries, held equally by both partners.

The ventures will launch new products, mainly short-term products such as accident insurance, within the next few weeks.

Mr Jean-Pierre Gérard, managing director, said the Post Office link would enable Royale Belge to reach different customers from those served by its brokers' network.

It was also part of the group's "multi-partnership" policy, which has included distribution arrangements with the banks Générale de Banque and Banque Bruxelles Lambert. Royale Belge has a stake in the latter, which it pooled with the stakes of Groupe Bruxelles Lambert, the holding company, and Crédit Communal de Belgique, the publicly-owned bank, in a joint control agreement last summer.

This led to consolidation of BBL's results in those of Royale Belge for 1995. Before this accounting change, net profits increased just over 10 per cent.

Gross premium income jumped 45 per cent to BFr109.4bn – with life premiums increasing from BFr28.8bn to BFr44.8bn and non-life premiums from BFr46.3bn to BFr64.6bn – due to consolidation in the group results for the first time of Dutch subsidiaries UAP-Nederland and Nieuw Rotterdam Beheer, of which it gained control in 1994. Underlying premium income increased 5.2 per cent.

The net dividend increased 11.4 per cent to BFr195.

BZW, IFC set up bank in mid-East

By Antonia Sharpe

Leading Middle Eastern businessmen have teamed up with BZW, the investment banking arm of Barclays Bank, and the International Finance Corporation, the private sector arm of the World Bank, to set up a financial institution conducting investment and merchant banking activities in the region.

The Middle East Capital Group, which is capitalised at $30m (£19.6m) will have its headquarters in Beirut.

BZW and the National Commercial Bank of Saudi Arabia both have a 16.7 per cent stake in MECG, while the IFC has a 10 per cent stake. MECG's management team has a 7 per cent stake and the remaining 49.6 per cent has been taken up by other Middle Eastern investors.

The aim of MECG is to channel capital and expertise into the Middle East at a time when the region is poised to diversify its economy.

The management team is made up of Nabil Sawahini and Ziad Makkawi, former JP Morgan bankers; Jamil Jaroudi, previously with Al-Mawarid in Saudi Arabia; and Safi Harb, formerly with the World Bank.

MECG's board chairman is Khalid Alturki, owner of Tradco, the holding company of a group of Saudi companies. Other board members include Mr John Standen, of BZW, and Mr Robert Wade-Gery, vice-chairman of BZW and a former British High Commissioner to India.

Vosper to make £3.5m redundancy charge

By Tim Burt

Vosper Thornycroft Holdings, tha Southampton-based warship builder, is expected to make a £3.5m exceptional charge to cover redundancies following its failure last month to secure part of a £400m contract for Type 23 frigates.

The company, which lost out to GEC-owned Yarrow on the Clyde, made clear that about 500 of its 1,500 workers would lose their jobs.

Of those, 50 contract staff have already left and a further 150 temporary workers are expected to leave over the coming months.

Mr Chris Girling, finance director, said the company had begun seeking 300 voluntary redundancies from the permanent workforce.

"If that fails to achieve the requisite number by the end of April than we will begin discussing compulsory lay offs."

Although he admitted the redundancy charge could exceed £3m, he said the figure has already heen factored into analysts' forecasts.

The City is expecting Vospers to report full year profits of between £26.5m and £28m when it publishes its results in May.

Most of the redundancies are expected among steel cutters and fitters.

Demand for such skills will fall away as the company completes existing Middle East orders, while its remaining workforce will be employed on the completion of seven glass-reinforced plastic minehunters for the Royal Navy.

Details of the redundancy plans emerged as Vospers prepared for the launch of the third of four fast attack craft for the Qatar Emiri Navy, scheduled for this Thursday.

The company has had to rely increasingly on overseas orders to maintain its position as one of Britain's few remaining naval shipyards.

Such orders have underpinned its current order book worth more than £400m.

Aramark seeks to expand in UK hospital sector

By David Blackwell

Aramark, the US contract catering group with annual sales of $6bn (£3.9m) is considering expanding its UK business into the hospital sector.

The group, whirh is owned hy its managers, has appointed Mr Mike Tye, 42, to head its UK food services division.

Mr Tye, who starts work next Monday, is joining Aramark after a year as sales and marketing director at Forte's Welcome Break motorway restaurants, now part of Granada.

He has also worked for Whitbread, the brewery and public house group.

He will now be expected to look at the potential of the UK hospital market for Aramark as well as to increase the group's activities in the further education sector.

Aramark is the fourth largest contract caterer in the UK.

The three larger contract caterers are Gardner Merchant, owned by Sodexho of France, Compass, and Sutcliffe, owned by Granada.

Aramark'a UK sales are about £120m, generating operating profits of £6m.

About 85 per cent of UK sales are from the husiness dining division.

This caters for all types of companies, including utilities.

Only ahout 3 per cent of turnover is derived from the ednication sector.

Aramark was taken private in a £1.2bn management huy-out in 1984. Its shares are traded internally, and have improved by a factor of 15 over the last 12 years.

Mr Tye will be joining the 80 UK managers who own and run the UK operation. The business is is headed by Mr William McColl, chief executive of Aramark UK.

While the US board in Philadelphia has yet to decide how many shares to make available to Mr Tye, he is likely to be offered the chance to acquire between 30,000 and 40,000. At the last internal revaluation, the price was $15.40 a share.

Mr Tye said last week that be hoped his experience in High Street retail catering would throw a fresh light on the contract catering business.

The culture of Aramark offered plenty of scope in an expanding market where there was not much difference hetween the principal operators. He would be investing as much as he could in the group.

William McColl (left) with Mike Tye: he hopes his retail catering experience will throw fresh light on the contract business

Elan changes to align with NYSE

Elan, the Irish pharmaceuticals company, is to make a two-for-one share split on Friday, change its financial year-end and change its reporting currency from Irish pounds to the US dollar, writes Daniel Green.

Mr Donal Geaney, chief executive, said the changes were designed to improve the understanding of Elan's financial statements and to bring its reporting schedule into alignment with most of the companies on the New York Stock Exchange.

Elan, a maker of drug delivery mechanisms such as slow release tablets, said the stock split would should improve liquidity in the shares.

The year-end moves from March 31 to December 31 effective from January 1, 1997. The reporting currency change applies from April 1, 1996.

The change reflected the "predominance of dollar revennes and expenses in the composition of Elan's net income" said the company.

Heineken advances 10% to Fl 664m

By Ronald van de Krol in Amsterdam

Heineken, the Dutch brewery group, shrugged off the guilder's strength against a range of key currencies to report a 10.1 per cent increase in net profits in 1995.

Net profits before extraordinaries rose from Fl 603m to Fl 664m ($402m), on turnover up 4.7 per cent at Fl 10.4bn. Turnover would have increased by about 9 per cent at constant exchange rates.

In 1994 Heineken recorded a Fl 59m extraordinary gain on the sale of a stake in a Benelux spirits joint venture, which lifted total 1994 net profits to Fl 662m.

Operating profit rose hy 12.4 per cent hut the increase would have been about 25 per cent if exchange rates had remained unchanged.

The improvement at the operating level was due not only to higher sales hut also to increased selling prices, cost savings and a favourable shift in the product mix to higher-margin beers. Some of the cost savings were offset hy increased marketing and selling costs designed to support the Heineken group's brands.

The dividend is to be held at Fl 3.50 per share.

The company, which has expanded strongly in Asia Pacific and eastern Europe in recent years, said it was conducting a feasibility study into the Russian market.

Ambroveneto International Bank Ltd
US$ 150,000,000 Floating Rate Notes due 2004

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from March 15, 1996 to June 17, 1996 the Notes will carry an Interest Rate of 6.03906 % per annum.

The Coupon Amount payable on the relevant Interest Payment Date, June 17, 1996 will be US$ 15.77 per US$ 1,000 principal amount of Note, US$ 157.69 per US$ 10,000 principal amount of Note and US$ 1,576.87 per US$ 100,000 principal amount of Note.

The Agent Bank
Kredietbank Luxembourg

COMPANIES AND FINANCE

Normandy four-way merger plan in tatters

By Nikki Tait in Adelaide

Plans by Mr Robert Champion de Crespigny, head of Australia's Normandy mining group, to create a A$3bn (US$2.32bn) mining house through the merger of Normandy and three of its related companies is in tatters after Newcrest Mining, the Melbourne-based goldminer, voted down the scheme.

Newcrest's decision was finally made at 7pm on Friday after a day of negotiations during which shareholders - waiting to approve the Normandy deal - saw meetings repeatedly adjourned.

But Mr de Crespigny said he remained wedded to the idea of bringing the companies under one roof. "Our merger will go through ... it's just going to have to be delayed until we can see our way forward," he told a Sunday TV programme.

"There is absolutely no doubt it is in the interests of Normandy group shareholders ... and even Newcrest, one of those shareholders, would benefit from such a merger."

Mr de Crespigny had been seeking a four-way merger between Normandy; PosGold its quoted goldmining offshoot, in which Normandy holda a 50.1 per cent interest; Gold Mines of Kalgoorlie; and North Flinders Mines. PosGold holds large minority stakes in both GMK and NFM, both of which are also listed.

But, earlier this month, Newcreat spent around A$450m buying up a 14.9 per cent stake in Normandy and 12.5 per cent of PosGold, and said it was interested in a merger.

The PosGold stake gave Newcrest the potential to block the four-way merger, since PosGold'a participation required approval from 75 per cent of all PosGold shares voted (with Normandy excluded from voting its 50.1 per cent holding).

Robert de Crespigny: remains wedded to idea of merger

On Friday evening, a dejected Mr de Crespigny said negotiations with Newcrest had continued until late in the afternoon, and at about 4pm an agreement had appeared to be in sight. However, Newcrest had added new conditions at the last moment, which Normandy found "unacceptable".

A slightly different statement from Newcrest said its chairman and chief executive had been attempting to negotiate a merger proposal with Normandy until 6.45pm.

"Normandy declined to adjourn the meeting to allow the Newcrest board to meet for further discussion. Newcrest then voted against the PosGold resolution," it said.

"This is 1980's action and the world is tired of this type of behaviour," said a dejected Mr de Crespigny after the vote.

Despite his determination to pursue the four-way merger plan, Mr de Crespigny also admitted that the result could make Normandy a takeover target in the future.

"There is no doubt that Normandy is exposed over this exercise. Whether this makes it a target, people will have to sit down and take a look," he said.

Huarte calls in receivers as rescue plan fails

By David White in Madrid

A rescue plan for Huarte, the Spanish building group, ran aground last week as the company applied to go into receivership, with outstanding long-term and short-term debts totalling almost Pta120bn ($964m).

The move followed a marathon board meeting on Wednesday night in response to an audit which uncovered some Pta10bn of hidden losses. Trading in Huarte shares was suspended on Thursday.

The application for suspension of payments to creditors, filed at a court in Pamplona in northern Spain, will temporarily debar the group from government construction contracts, estimated to account for half its order backlog of some Pta150bn.

Mr Manuel Zorita, who took over as chairman last month to head the rescue plan, resigned his post in favour of another board member, Mr Jaime Azcona.

Analysts said the surprise receivership decision partly reflected tensions in top management and "cold feet" by building concern Constructora San José, which committed itself in the rescue plan to taking a stake of just under 25 per cent in exchange for an injection of Pta3.5bn.

Suppliers are also understood to have been unhappy with arrangements for the repayment of some Pta33bn owed to them by Huarte, although they agreed to the plan in February.

Constructora San José was reported yesterday to have started talks with another Spanish construction concern, Pacsa, on a possible stake in Huarte. Pacsa is 30 per cent owned by Hochtief of Germany.

The rescue plan involved creditor banks taking a combined stake of about 17 per cent in a debt-for-equity swap. It hinged on real estate sales which were expected to generate Pta15bn in cash. Mr Zorita said expected losses on these sales now made the plan "completely unviable".

Auditors put Huarte's 1995 losses at Pta31.2bn, on sales of about Pta95bn. This compared with a Pta28.3bn estimate made earlier by Axel Group, the investment services company, acting as advisers to Huarte, and with a Pta939m net profit in 1994. The audit showed a net worth of Pta1.02bn.

The scheme to bring banks in as shareholders alongside a new industrial partner was approved by the principal creditors in December, after they had rejected an earlier plan drawn up by Samuel Montagu of the UK. The banks insisted on removing the controlling shareholder, Grupo Hasa, which previously held just over 50 per cent.

Telefónica offshoot in agreement with Microsoft

By Tom Burns in Madrid

Tisa, the international arm of Spain's Telefónica, has secured a wide-ranging agreement with Microsoft to market the US company's PC services and products in Latin America, where Tisa is the dominant telecoms operator.

Mr Ignacio Santillana, Tisa managing director, said Tisa-controlled operators in Argentina, Chile and Peru would offer Microsoft on-line and internet packages to subscribers of Infovia, Tisa's PC communications network.

A team of senior executives from Tisa's Latin American subsidiaries, headed by Mr Santillana, travelled recently to Seattle to cement the agreement with Mr Bill Gates Microsoft chairman.

"We have established the framework for an open-ended business relationship that will make joint use of and provide added value to our respective technologies," said Mr Santillana.

Tisa did not reveal any figures for the investment that would be involved in the agreement but the alliance is judged by analysts to offer large opportunities to both parties.

Microsoft gains access to the 8.4m lines operated by Tisa in Latin America and the telecoma holding company becomes a leading supplier of on-line services to the Spanish speaking world.

Having consolidated its strength in Latin America's basic telephony and cellular phones sectors, Tisa now seeks to become the area's main multimedia provider.

In a first phase of this strategy, it will spend up to $300m over the next three years developing its cable TV units in Argentina and Chile and will partner GTE of the US in a consortium that will spend $900m over the 10 years building an optic fibre network in Mexico.

Tisa reported a 27 per cent increase in revenues to Pta281bn ($2.2bn) last year and lifted net profits by 17 per cent to Pta29.7bn. The income represented 22 per cent of 1995 net profits posted by Telefónica.

Telefónica, which is 20 per cent state-owned, controls 73 per cent of Tisa's equity with the remainder owned by Patrimonio del Estado, a Spanish government portfolio company.

There has been frequent speculation that Patrimonio would dispose of its profitable asset but Mr Germán Ancoechea, Tisa chairman, said there were no privatisation plans for the foreseeable future.

Tisa's market value, based on its listed subsidiaries CTC of Chile, Telefónica de Argentina and Telefónica de Perú, and on the acquisition value of its other Latin American assets, rose by 11.4 per cent last year to $6.4bn.

Mexico to change Pemex sale guidelines

By Daniel Dombey in Mexico City

The Mexican government has announced restrictions on foreign participation in the privatisation of the country's petrochemical industry, a change from previous policy.

The sale of assets belonging to Petróleos Mexicanos (Pemex), the state oil monopoly, has been the centrepiece of the government's privatisation programme. But the process is now on hold until new guidelines are worked out, although the government has confirmed that current rules will be followed where the bidding process has already begun.

The decision to restrict foreign ownership follows pressure from Mexico's larger corporations as well as heated political debate.

"We had been walking in circles," said Dr Jesús Reyes Heroles, the country's energy secretary.

A 1993 attempt at privatisation was abandoned due to low petrochemical prices. Last summer it was decided to sell off 61 secondary petrochemicals plants complex by complex, raising about $1.5bn.

However, Dr Reyes Heroles said it was no longer certain sales would be made complex by complex and the changes would push privatisation back to the end of the year.

He said concerns among Mexican manufacturers that foreign companies would control plants on which they depended had played a key role in the decision.

The privatisation had also received increasing attention in congress, with politicians linking Pemex with national sovereignty.

Dr Reyes Heroles rejected claims that the move was anti-competitive, arguing that most petrochemicals are internationally traded and it was unlikely that plants producing the same products within different complexes would go to the same bidder. He said there was "a big question mark" over whether fewer resources would be attracted to the privatisation.

NEWS DIGEST

Brierley defends Delham dawn raid

Mr Bob Matthew, chairman of Brierley Investments, said that the weekend's NZ$680m (US$465m) dawn raid by Delham Investments on 20 per cent of its shares would prove "very beneficial" to the company in helping enhance its developing interests in Asia. He said that while the company was well positioned in its home markets of Australia and New Zealand, the intended close relationships with consortium members would add "an exciting new dimension to Brierley's investment activities in Asia and elsewhere".

The raid means Asian investors now control more than 30 per cent of Brierley. Temesek Holdings has a holding of just over 10 per cent, which it began building through a joint shareholding to control Mount Charlotte Hotels of the UK, now Thistle Inns, in 1991. Thistle is 70 per cent owned by Brierley.

Delham is a consortium of Malaysian, Singaporean and Indonesian corporate investors. Members are Hong Leong, the Malaysian group which has large interests in financial services, manufacturing and the media; Sembawang Corporation, of Singapore, which has interests in marine and heavy industries; Haw Par Brothers International of Singapore, whose leading shareholder is the United Overseas Bank; Salim Group, described as the largest conglomerate in Indonesia; and Hong Leong of Singapore, a property and hotel group which controls New Zealand's biggest hotel group CDL Hotels. *Terry Hall, Wellington*

Argentaria issue priced

Argentaria, Spain's partially-privatised banking group, set a maximum price of Pta5,260 for the $1.2bn disposal of 25 per cent of its government-held equity. The final price will be fixed on March 25. The maximum price is considered low by analysts and reflects a sharp fall in Madrid's bourse following the inconclusive result of general elections on March 1.

Argentaria said the domestic retail tranche of the issue was almost seven times oversubscribed. Some 66 per cent of the offering is to be placed in Spain, where small investors will receive a 4 per cent discount on the final price. *Tom Burns, Madrid*

Czech telecoms group down

SPT Telecom, the Czech national telecommunications operator in which PTT Telecom Netherlands and Swiss Telecom jointly own a 27 per cent stake, reported preliminary pre-tax profits of Kč7bn ($257m) for 1995, down from Kč7.5n a year earlier, based on Czech accounting standards. Sales climbed 18 per cent to Kč26.9bn, but costs rose 31 per cent to Kč19.9bn because of higher depreciation and maintenance charges. SPT said these resulted from an accelerated drive to modernise its network. Profits after tax were Kč4.3bn, up from Kč3.9bn.

Total assets soared to Kč96.7bn following the purchase of the 27 per cent stake last summer by TelSource, the Dutch/Swiss consortium, for $1.45bn. Total equity at the end of 1995 was Kč75.5bn. Investment expenditure for the year amounted to almost Kč20bn. *Vincent Boland, Prague*

Cycle & Carriage soars

Cycle & Carriage, the Singapore vehicle distributor and property group, reported pre-tax profit up 43 per cent to S$287m (US$204m) for calendar 1995, on turnover up 19 per cent to S$2.98bn. Earnings per share were 77.8 cents against 53.1 cents last time. Mr Boon Yoon Chiang, managing director, said motor operations had had an "exceptional" year and that 1996 would be "satisfactory". *Financial staff*

Mutuals moving to critical mass

Maggie Urry assesses the confusing choices facing US investors as small funds proliferate

Talk about confusing. US investors can choose from more than twice as many mutual funds as there are stocks listed on the New York Stock Exchange. And there are hundreds more each year. By the end of last year Americans bad $2,820bn invested in mutual funds.

The number of mutual fund management groups has doubled over the last 10 years to more than 500, attracted by the rapid growth in the market for managing money.

Divide the larger of those figures by the smaller, and the average amount run by each fund group is around $5bn. But this masks a huge disparity between the giants, like Fidelity, and the very smallest.

It would seem a classic case of a highly fragmented industry, in which a few dominant operators should wield their power to squeeze out the smaller, and force a consolidation producing economies of scale. Whether that will happen in the US mutual fund business is a debate currently raging among participants and observers of the industry.

According to one view, rapid consolidation is already taking place and will only end when the industry has been whittled down to a few large funds and a number of small, specialist groups. So said a report last autumn from Goldman Sachs, the investment bank, which has been credited – or blamed – for sparking the argument.

Mr Milton Berlinski, vice president in the financial institutions group of Goldman's mergers and acquisition department, reckons takeovers involving 20 per cent of the assets under management in the industry have taken place in the last three years. "If that's not consolidation," he says, "what is?".

The proliferation of funds with similar investment styles is unnecessary, he submits. "How many small cap funds do you need?". Others say that investors like the choice, and that smaller funds can often outperform large ones. Mr Michael Lipper, of Lipper Analytical Services, a group which monitors mutual fund perfor-

FUND MANAGEMENT

mance, agrees the industry is "crowded," but "I don't think its overcrowded. There will be a lot of small funds around for a long while".

Cynics even suggest that Goldman is trying to drum up business for its m&a department by frightening mutual fund companies into mergers. However, some of the larger mutual fund groups – those in the bracket which might be most squeezed by a consolidation – are not sitting back but preparing for battle.

Mr Stephen Timbers, chairman and chief executive of Zurich Kemper Investments, says "our goal is to get up to $100bn in three years, with mutual funds about $60bn of that. We have $78bn at the moment." He predicts a consolidation "to the point where in five or 10 years there will be a tremendous dominance by five or 10 mutual fund families".

Ms Bridget Macaskill, chief executive of Oppenheimer Management, says "our goal is $100bn by the end of the decade". That target was set at the end of 1994 when Oppenheimer had $29bn, and it has already grown to exceed $50bn with some belp from a rising stock market and acquisitions.

At Twentieth Century, the fund group which last summer acquired the Benham company, Mr Gunnar Hughes says they have an ambitious plan, "to be the number three noload fund by the year 2,000." That should take the groop from its current $45bn to between $80bn and $100bn.

There is a remarkable similarity in those statements. Critical mass is the common theme, and the $100bn target each has picked illustrates their thinking of what that constitutes.

The forces driving a consolidation are agreed by the participants to include the rising costs of new technology and marketing to investors, and the need to have a broad product range on offer.

Take technology. Mr Hughes says Twentieth Century invested $50m in a digital imaging system over recent years, an investment Benham would have had to make too if it had not merged.

As for marketing expenses, Mr Timbers says Zurich Kemper is multiplying its advertising budget six-fold this year, and is doubling its wholesale sales force. It costs money, he admits, but it is the "price you have to pay to be in a consolidating industry".

Ms Macaskill cites the price of hiring good portfolio managers and of providing them with the back-up to produce superior returns. As well as cost pressures, she says, there is a need to offer investors a range of products so that they can switch between funds managed by the same group.

This is appealing for companies, seeking mutual funds to offer participants on 401(k) pension plans. Cashflow from this source is the fastest growing area for mutual funds. Mr Timbers says that retirement money is 10 per cent of Zurich Kemper's assets, but provides 20 to 25 per cent of the cashflow.

It is that consideration which is most likely to be behind takeovers in the industry. Twentieth Century's purchase of Benham was a classic example, with the former noted for equity funds and the latter for fixed income. Similarly, three deals done by Oppenheimer, which added $7bn of assets, rounded out its palette of funds.

But deals rarely offer such a neat fit, and the three groups each expect acquisitions to contribute only a small part of their projected asset growth.

FACES

Ercklentz set to boost BBH's London offshoot

Alexander Ercklentz hasn't had much luck on his travels, George Graham writes. As a child, he spent six years blockaded in Japan during the second world war. Later, a spell in Lebanon ended with evacuation.

He has now moved to London as chairman of Brown Brothers Harriman Limited, the UK offshoot of the most private of Wall Street's private banks, and must be hoping for a quieter life.

Ercklentz, who has been a partner of Brown Brothers Harriman & Co since 1978, will supervise the integration into London of the bank's Paris office, which has been closed, and some of its Zurich sales staff. Angus Ivory, a relative of the Scottish fund management clan, is managing director of the London operation.

Founded in 1818, BBH was the first New York bank to introduce mechanical bookkeeping on its customers' accounts, but has retained a quill pen flavour, partly because of its ownership structure. Since J.P. Morgan incorporated in 1940, BBH has been the only substantial US commercial bank to remain a private partnership – although Goldman Sachs preserves the partnership tradition among the investment banks.

While Goldman ponders a change in its ownership structure, BBH has no interest in abandoning the partnership. Some things must change, however. The partnership no longer includes any of the original Brown family – Walter Brown is no relation, and Elbridge Gerry Jr, a descendant of the famous gerrymandering governor of Massachusetts, is the last of the Harriman line.

That will be the end of the father and son tradition, for BBH now operates an anti-nepotism rule prohibiting partners' offspring from being employed in any capacity.

Wolfensohn's men on the rise

Jim Wolfensohn's efforts to place his own imprint on the World Bank's management structure have been slow and prudent since his appointment as president last year, but steadily, his own people are moving into top positions, George Graham writes.

Latest to step up is Brian Wilson, who moved to Washington less than a year ago and who will become vice president of financial policy and institutional strategy.

Wolfensohn's top appointments so far are a mix of Bank outsiders, like Wilson, who worked for Allied Irish Banks for 20 years, and old timers like Caio Koch-Weser, recently promoted to one of five managing director slots – but the newcomers are gradually becoming more prominent.

Wilson's job includes loan pricing, risk management and country credit assessment, but closest to Wolfensohn's heart is the co-ordination of changes to the Bank's structure and institutions.

Wolfensohn said he had selected Wilson "based on his previous experience as a change agent." This New Democrat jargon is taken within the Bank as a sure sign that he has been hobnobbing with Bill and Hillary Clinton, whom he entertained at his Jackson Hole ranch house last summer.

Fidelity reshuffle aligns the styles

There was a rare lifting of the veil at the Boston headquarters of Fidelity Investments last week when the largest mutual fund group in the US announced a shuffling of portfolio managers and a realignment of its equity division from four to eight groups, writes Maggie Urry.

The changes were billed by William Hayes, Fidelity's director of equity investments, as part of a continuing evolutionary process: as Fidelity has grown, the division has been split into two, four, and now eight groups.

Some outsiders, however, are more interested in a reshuffle of portfolio managers, affecting some 26 funds. Eric Kobren, editor of the Fidelity Insight, a newsletter which follows the company's funds, denies that this was a matter of rewarding stars and demoting the underperformers. It was rather, he says, a matter of aligning fund managers with portfolios which matched their investing styles.

Investors do not want surprises, he adds, which was what they got when, for instance, Robert Beckwitt as manager of the free asset manager funds started taking unexpected macro-economic international positions. Nor, he might have added, did they want the dull performance of the last couple of years.

Although a full swap between Bettina Doulton and Rich Fentin, gives Doulton a leg up to run Fidelity's $16bn long-established Puritan fund, Kobren says it is not necessarily a demotion for Fentin to take on the $6bn Value fund where his talents will be better employed.

The main thing though, for many investors, is that Jeff Vinik has kept his place running the Magellan fund, Fidelity's $55.5bn jewel in the crown, in spite of a poor performance lately.

Currency cross-currents

Veteran forex boss Albert Hoyle has resigned as head of spot and forward forex trading at ailing investment bank Bank Gesellschaft Berlin (BGB) in London after just five months in post, Jonathan Guthrie and Philip Gawith write.

He is joining Nations Bank of North Carolina, which is aggressively seeking to bolster its position in the forex market. Market speculation is that he has been offered a package of as much as £500,000 to do so.

He was recruited by the peripatetic Mike Cornford, one of London's leading spot foreign exchange traders, who runs Nations' London forex operations and has himself had five different jobs in the past two years. The fact that Hoyle had previously turned down an offer to work at Nations has prompted talk that he may be being recruited to replace Cornford.

While Hoyle may have received the proverbial "offer he couldn't refuse", there is also evidence that he became mired down in BGB's Teutonic culture. He is known to have become frustrated at the slow pace with which BGB London's trading infrastructure, including credit, developed. New client business is also said to have been slower to materialise than he expected.

Hoyle, who is on gardening leave, and unavailable for comment, was a good catch for BGB, the London investment banking arm of Bankgesellschaft Berlin AG, which was only set up in July last year. As head of forex trading and sales at HSBC in Hong Kong, he had presided over one of the biggest forex operations in the Far East, and had previously held senior positions at Chase and Citibank.

FINANCIAL TIMES

MARKETS

THIS WEEK

Global Investor / **Philip Coggan**

When Joe Sixpack stops ogling

Collectors of stock market omens need look no further.

The cover of April's US edition of Playboy magazina highlights an articla on picking successful mutual funds.

When Joe Sixpack stops looking at naked ladies long enough to phone his broker, that is probably a sign that the top of a bull market is near.

Another straw in the wind was a recent Wall Street Journal article which cited a newly redundant 29 year old who was putting his severance cheque into shares because he felt they would perform best in both the short and long run.

The volatility that has recently been apparent on Wall Street may also be a sign of a turning point.

Of course, while the 171 point decline on March 8 and the 110 point rise on March 11 were large moves in numerical terms, earlier shifts dwarfed them in percentage terms. But a three point one-day fall in US Treasury bonde is a large decline on anyhody's definition, and the move from sub-6 per cent yields to 6.7 per cent on the 30-year bond constitutes something more than market turbulence.

The obvious culprit for inducing a turning point is tha change in monetary policy which has occurred over the last year or so.

Interest rates have been falling around the world and, as the graph shows, OECD money supply growth has picked up sharply from its low level of the early 1990s and is now growing at the kind of rate achieved in the 1980s.

While there may be precious few signs of inflationary pressure in the global economy, based on past experience bond investors could be forgiven for assuming that inflation could yet return. The markets had drifted into a kind of consensus that inflation was no longer a threat, and that central banks have economic management down to a fine art.

According to Ms Peg Hadzima, director of global bonds research at Scudder, Stevens & Clark in Boston: "Bond markets had been very one-sided in their bet. There was an incredible amount of complacency. Virtually everyone was bullish and there was a lot of room for a shakeout."

The sudden decline in bond yields seems all the more surprising given that central banks, and it is assumed particularly the Bank of Japan, have been making heavy purchases in the bond market.

One way of looking at the market shift can be found in the work of Mr Avinash Persaud, head of currency research at J P Morgan in London. He has found that in the short term market behaviour tends to conform to a limited number of regimes.

He cites six currency market phases which are particularly common: yield loving, when high-yielding currencies, such as the Indonesian rupiah and the Italian lira, outperform the yen, Swiss franc and D-Mark; risk aversion, the opposite of yield-loving; dollar correlation, when the US dollar and other linked currencies such as sterling are rising; profit-taking, when the currencies which did well 20 days ago do badly today; EMU convergence/divergence, when the French and Swiss francs fare well or badly against currencies such as sterling, the Danish krone and Swedish krona; and interest rate differentials, when currencies with rising interest rate support do well.

These phases tend to last for at least eight weeks, but in the past five years none has lasted for more than twelve. Persaud has devised the "regime machine", a computer programme which aims to tell investors which phase the markets are going through. The analysis should also apply to the bond market, says Persaud.

Signs of inflationary pressure are not so great that bonds should be in headlong retreat. It may be that markets are shifting from a yield-loving phase (characterised by speculators borrowing in yen to purchase higher-yielding bonds) into a risk-averse phase.

The rise in US bond yields presents an obvious threat to the bull market in equities.

After gaining well over 30 per cent last year in shares, investors could be tempted to book some profits and buy bonds now yields are off their lows.

The ratio between bond and equity yields, while still well short of the peak reached in 1987, is at its highest level since the Crash. (However, the earnings yield/bond yield relationship, much followed by US investors, almost makes equities look cheap).

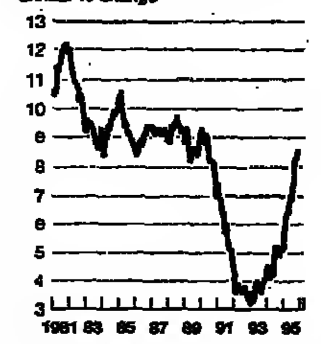
Every time bears sense that the US market is correcting, however, it seems to rebound. US private investors have been taught to buy the market on the dips and via their private pension schemes are dribbling money into mutual funds on a regular basis. Much has been made of the demographic trend that baby boomers saving for retirement will be reliable buyers of equities for years to come.

But this sounds worryingly like an argument that the greater fool will be around to buy shares, no matter what the price.

And despite their deviation from the path of political correctness, perhaps even Playboy readers are smarter than that.

Money supply takes off

OECD broad money annual % change



Source: FT Extel

Total return in local currency to 14/3/96

	US	Japan	Germany	France	Italy	UK
			% change over period			
Cash						
Week	0.10	0.01	0.06	0.08	0.18	0.12
Month	0.44	0.04	0.28	0.36	0.84	0.53
Year	5.75	2.19	5.56	8.00	11.75	7.86
Bonds 3-5 year						
Week	-1.06	0.18	-0.72	-0.55	-0.41	-0.84
Month	-2.71	0.35	-0.85	-0.49	-0.75	-0.96
Year	9.26	8.01	11.92	14.42	22.07	11.91
Bonds 7-10 year						
Week	-1.76	0.36	-0.86	-0.56	-0.94	-1.26
Month	-4.55	0.28	-1.97	-0.81	-1.59	-2.1
Year	10.87	11.33	12.68	16.99	31.08	12.27
Equities						
Week	-2.0	0.4	-2.1	-1.8	-3.3	-1.8
Month	-1.8	-5.1	-0.4	1.8	-3.5	-0.9
Year	35.1	19.1	21.4	17.8	-0.5	25.9

Source: Cash & Bonds - Lehman Brothers. Equities-© FT/Extel index Unit. The FT/S&P Actuaries World Indices are jointly owned by FT-SE International Limited, Goldman Sachs & Co., and Standard & Poor's.

COMPANY RESULTS DUE

French banks still suffering from property recession

French banks' and insurers' 1995 results will continue to bear the traces of the property recession. Many financial sector companies have already set aside heavy provisions to cover their exposure to the property market, but previous promises that a line has been drawn under their property problems have often not been fulfilled, reports AFX News.

Paris residential property prices have fallen about 20 per cent from the 1990 peak, while rental values for commercial property in central Paris have dropped 35 per cent.

Axa, the French insurer which reports results on Thursday, is seen as the pick of the French insurance sector because of its relative immunity to some of the difficulties facing its competitors. Mr Claude Bébéar, its chairman, had promised a substantial increase in earnings for 1995 and analysts are looking for net profit of between FFr2.6bn ($510m) and FFr2.8bn, up from FFr2.26bn.

Banks were affected last year when the recovery ran out of steam in the second half, which will have affected lending and net banking income. However the banks' exposure to the property market is more limited than in the insurance sector, but they also face additional problems.

Crédit Lyonnais' results are due on Thursday and speculation is growing that the state-owned French bank could post another net loss, despite last year's government bailout and restructuring plan. Analysts had predicted a small net profit, of between FFr100m and FFr750m, but there have been reports that the bank could make a net loss of several hundred million francs.

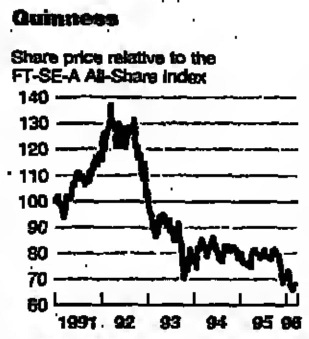
■ Pearson: Profits of the media, information and entertainment group for 1995, due today, will be flattered by the large exceptional profit from the sale of most of its stake in British Sky Broadcasting. The sale produced a gain over book value for the shares in the satellite venture of £132m. In December Pearson, which owns the Financial Times, warned that profits for the year would fall "modestly below" analysts' expectations. Analysts' forecasts for operational profit now range from BZW at £243m to James Capel at £269m. The outcome is likely to be within this range, probably around the £260m mark.

■ Pakhoed: The Dutch transport and storage company is expected tomorrow to report net profit of Fl 125m-Fl 129.7m or Fl 4.10-Fl 4.26 per share, up from Fl 92.7m or Fl 3.20 per share in 1994, according to analysts' forecasts, reports AFX News.

Analysts expect Pakhoed to raise its dividend for 1995 to Fl 1.90-Fl 2.00 from Fl 1.60 paid for the 1994 year. In August the company reported first-half net profit up at Fl 61.4m from Fl 42.7m a year earlier. The company has forecast a "substantial" rise in full-year net profit from ordinary activities from the 1994 figure of Fl 95.3m, with second-half ordinary net profit "clearly" higher than the year-earlier figure of Fl 51.7m.

Guinness

Share price relative to the FT-SE-A All-Share Index



Source: FT Extel

■ Lucas Industries: The City of London will be asking who will succeed Mr George Simpson as chief executive when the automotive and aerospace equipment group announces its interim results tomorrow. Mr Simpson said last week that he would leave Lucas in March 1997. The group is expected to announce a rise in pre-tax profits from £44.5m ($68m) to around £60m. For the full year, profits are forecast to rise from £30.4m to about £180m.

■ Rexam: The paper and packaging group will tomorrow be the latest to reveal the woes affecting its industry. Although the raw material price increases which hit paper manufacturers last year eased in the second half, subsequent destocking by customers affected sales badly, and falling sales prices squeezed margins. Consequently analysts are expecting Rexam to report pre-tax profits of £185m, well below the £226m recorded in 1994. Earnings per share are expected to have dropped from 30.8p to 25p.

■ Albright & Wilson, the chemicals company spun off last year by Tenneco of the US, will tomorrow announce final results for 1995. It is expected to unveil pre-tax profits up about 30 per cent from £40.7m to £53.5m, although the 1994 figure included £20.2m of exceptional costs related to environmental clean-up work in Canada, European restructuring and losses on the Mexican devaluation. The 1995 figure should contain exceptional profits of about £1.5m on the sale of businesses, and give earnings of 11.6p (9p).

■ Britannic Assurance: The life assurer announces its full-year results for 1995 on Wednesday. Analysts' forecasts for its earnings are generally in the £33m-£36.3m range, compared with £31m reported for 1994. Forecasts for its dividend are in the narrower range of 15.2p-15.5p for the full year, compared with 14.0p for 1994. There will also be keen expectation of any sign of progress on Britannic's talks with the Department of Trade and Industry about clarifying the interests of shareholders and policyholders in its long-term funds.

■ Nedlloyd: The Dutch shipping and transport group is expected on Thursday to report net profit of Fl 100m-Fl 111m ($67m) for 1995, compared with a restated Fl 108m a year earlier, according to analysts' forecasts, reports AFX News.

Net profit before exceptional items is expected to fall to Fl 40m-Fl 50m from Fl 107m a year earlier.

In November Nedlloyd reported higher third-quarter net profit of Fl 53m and nine-month net profit of Fl 149m, but nine-month net profit before exceptionals was down at Fl 61m from Fl 78m a year earlier.

■ Guinness, the brewer and distiller, is expected on Thursday to report pre-tax profits for the year to December of about £875m after £64m of reorganisation charges already announced. A year earlier it reported profits of £915m. Investors will be hoping for some slightly encouraging noises from Guinness about a modest pickup in prices and volumes in selected markets. The dividend should be up to about 15p from 13.8p.

INTERNATIONAL EQUITIES By Antonia Sharpe

High primary liquidity shields issues

The high levels of liquidity in the primary equity market have so far protected international equity issues from the recent upheavals in the US and European bond and stock markets.

Equity syndicate managers said that the fall-out from the sharp drop in US treasuries a week ago had failed to dent this year's trend by US and UK investors to divert funds away from their domestic markets which had been trading at all-time highs.

They added that the sectoral diversity of the issues on offer was also helping to insulate the primary market from the recent volatility. Although there are two bank privatisations – Argentaria, the Spanish banking group and UBN, the Norwegian savings bank – in the market, other deals range from the flotation of Scania, the Swedish truck manufacturer, and secondary offerings in the fashion house Gucci, which was last year's hottest IPO, and in the Austrian specialty steel manufacturer, Bohler-Uddeholm.

Tha choice available to investors is a stark contrast to last year, when the market had difficulty in absorbing the seemingly-endless supply of telecom stocks. "The investor base is not being eroded by a supply of stock from just one sector," said one equity syndicate manager.

Nevertheless, bankers are taking extra precautions to ensure that their deals are placed successfully, such as working out strategies on how best to stabilise the share price once the shares start trading in the market.

They are also shortening the tima that the deal is in the market to minimise the risk of having to adjust the pricing in the event of another severe drop in underlying share markets. "You don't want to hang around in this kind of market," said one banker.

In the case of Bohler-Uddeholm, launched last week, the offering of 3m shares is set to be priced by March 27. In addition, the structure of the deal has been simplified so that SBC Warburg has total control over the international tranche of 1.5m shares.

In last year's offering, there were two foreign tranches, one targeted to Europe and the other to the rest of the world, each managed by a different bank. Bankers said putting the international tranche under a single leadership was wise in the current market conditions. "You have to manage the process more aggressively to get the orders in and to ensure price stability," said one banker.

Syndicate managers are confident that the high quality of the European equity issues already in the market or in the pipeline will result in healthy over-subscriptions.

However, they are concerned at the sudden drop in interest in Asian deals, particularly with respect to Thai convertible bonds and Indian global depositary receipts, which had started the year with such fanfare.

Last week, a convertible bond for Thailand's Property Perfect had to be halved to about $35m and the coupon raised substantially because of the lack of demand. But even such drastic action failed to prevent the bonds from falling when they started trading.

Bankers say that a change of mood by Swiss investors, who are among the main buyers of Asian convertible bonds, is to blame. They fear that China's aggression towards Taiwan will undermine stock markets in the region.

However, the Swiss did not have to wait long for an alternative home for their funds. Last week, Zurich Insurance raised $720m through an offering of seven-year convertible bonds. Demand from Swiss and foreign investors for the dollar-denominated bonds was such that the company was able to achieve a conversion premium of 25 per cent and a yield to maturity of 4.2 per cent. When the bonds started trading they rose almost immediately to a 3 per cent premium to their issue price of 80.77.

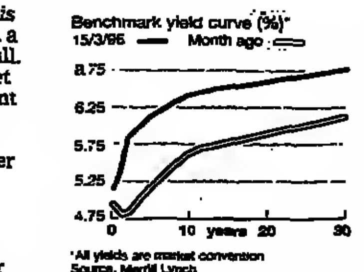
FT/S&P ACTUARIES WORLD INDICES

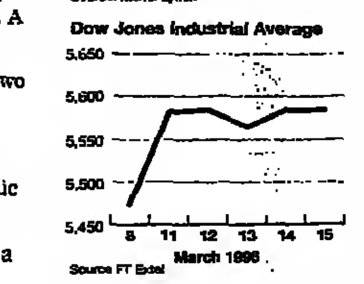
The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International Limited and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	FRIDAY MARCH 15 1996: US Dollar Index	% chg since 29/12/95	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 29/12/95	Gross Div. Yield	THURSDAY MARCH 14 1996: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (81)	198.03	4.2	192.66	132.56	151.96	170.21	0.2	4.02	195.67	190.50	130.42	149.78	168.15	202.74	158.79	164.48
Austria (24)	180.35	3.3	175.49	120.73	138.40	138.24	6.5	1.63	181.16	176.21	120.64	138.55	138.40	199.26	168.11	191.51
Belgium (33)	203.64	-2.6	198.15	136.32	156.27	182.32	0.3	3.62	208.45	203.70	136.46	160.16	158.19	215.81	174.36	179.08
Brazil (28)	151.90	10.1	147.80	101.69	116.56	278.02	11.8	1.78	150.70	146.56	100.34	115.24	273.84	170.35	107.35	112.82
Canada (101)	155.82	5.0	151.62	104.31	119.57	153.85	5.0	2.44	156.25	151.96	104.03	119.46	154.51	158.71	129.85	129.85
Denmark (33)	294.25	1.9	288.31	196.97	225.78	226.26	4.9	1.68	294.80	286.71	196.29	225.43	227.98	305.17	252.41	262.23
Finland (24)	184.14	-1.6	179.18	123.27	141.30	178.64	4.9	2.75	186.53	181.41	124.20	142.84	180.42	276.11	171.13	188.34
France (98)	185.93	3.6	180.91	124.45	142.67	147.50	7.2	3.12	187.35	182.21	124.74	143.27	148.17	191.17	163.26	165.36
Germany (60)	170.98	4.5	166.36	114.45	131.20	131.20	7.7	1.94	169.39	164.75	112.79	129.53	129.53	173.78	142.25	150.95
Hong Kong (58)	416.66	7.2	404.44	278.25	318.96	412.59	7.2	3.48	410.22	398.97	273.14	313.70	407.21	451.19	323.67	340.08
Ireland (16)	258.13	1.0	251.16	172.79	198.07	251.25	3.0	3.47	258.50	249.47	170.79	196.15	229.83	265.00	208.24	207.71
Italy (58)	73.11	-4.6	71.14	48.94	56.10	85.82	-2.0	1.95	73.39	71.38	48.87	56.12	85.91	82.77	65.46	66.73
Japan (482)	147.92	-4.5	143.93	99.02	113.51	99.02	-2.0	0.77	146.63	142.60	97.78	112.28	97.76	164.82	137.75	147.87
Malaysia (107)	538.80	11.1	524.26	360.67	413.45	527.14	11.1	1.64	537.25	522.52	357.72	410.84	525.25	561.86	425.77	457.25
Mexico (18)	1099.22	5.1	1058.86	728.46	835.06	8597.33	3.1	1.55	1080.80	1050.88	728.22	834.13	9013.24	1237.14	881.51	752.82
Netherland (18)	281.98	3.4	274.37	188.76	216.38	212.47	6.5	3.28	282.24	274.50	187.93	215.83	212.11	283.32	228.30	231.48
New Zealand (13)	82.46	3.5	80.24	55.20	63.28	64.04	-1.0	4.88	81.20	78.97	54.07	62.09	62.48	85.49	73.70	73.24
Norway (33)	238.14	3.0	231.72	159.41	182.74	207.81	4.8	2.40	238.89	232.33	159.06	182.68	207.73	243.79	205.19	210.36
Singapore (44)	434.58	6.7	422.85	290.91	333.47	281.84	6.2	1.42	430.86	418.85	286.75	329.33	279.18	485.21	350.19	351.80
South Africa (45)	390.34	1.3	379.81	261.30	299.53	335.84	2.2	2.10	388.89	378.16	259.47	298.61	331.05	437.76	328.21	339.88
Spain (37)	164.81	-0.2	160.36	110.32	126.47	155.41	2.4	3.93	168.62	162.05	110.94	127.42	158.04	175.88	124.10	128.64
Sweden (46)	334.34	7.1	325.32	223.81	256.56	365.75	9.7	2.44	336.00	326.98	223.78	257.01	337.27	342.56	232.22	240.59
Switzerland (39)	244.18	3.5	237.59	163.45	187.37	180.02	7.0	1.56	243.60	236.74	164.15	188.01	181.31	273.84	170.35	175.85
Thailand (46)	173.41	3.1	168.73	116.08	133.06	169.80	3.2	1.98	173.04	168.29	115.21	132.32	169.44	193.95	130.15	131.40
United Kingdom (205)	225.08	-2.4	219.01	150.67	172.72	218.01	-0.5	4.27	227.28	221.03	151.32	173.79	221.03	235.60	196.99	196.99
USA (631)	262.23	4.4	255.16	175.54	201.22	262.23	4.4	2.20	261.81	254.63	174.32	200.20	261.81	269.11	201.19	201.19
Americas (778)	239.16	4.4	232.71	160.09	183.52	201.02	4.4	2.29	238.80	232.25	159.00	182.61	200.74	245.54	183.87	183.87
Europe (726)	205.01	1.1	197.53	135.90	155.78	175.97	3.6	3.12	204.21	198.61	135.97	156.18	176.63	206.83	172.70	172.70
Nordic (136)	288.43	4.5	280.65	193.08	221.33	251.46	7.6	2.36	288.92	282.05	193.44	221.75	252.37	295.02	222.22	231.88
Pacific Basin (832)	161.09	-2.5	156.74	107.83	123.61	110.98	-0.6	1.22	160.73	156.32	107.02	122.92	110.30	171.67	149.66	155.67
Euro-Pacific (1558)	178.46	-0.8	173.64	119.46	136.94	135.39	1.3	2.12	178.22	173.33	118.66	136.28	134.78	183.39	159.92	162.67
North America (732)	255.65	4.4	248.75	171.13	196.17	254.97	4.4	2.21	255.27	248.27	169.97	195.21	254.62	262.26	196.77	196.77
Europe Ex. UK (521)	185.86	3.0	180.87	124.43	142.64	150.96	5.8	2.50	185.89	181.46	124.25	142.70	151.09	188.09	153.44	155.68
Pacific Ex. Japan (350)	282.47	6.8	274.85	189.09	216.75	245.88	5.5	3.04	279.71	272.04	186.24	213.89	243.28	293.58	223.75	234.65
World Ex. US (1750)	179.88	-0.6	175.03	120.41	138.03	139.82	1.6	2.14	179.60	174.67	119.59	137.34	138.99	184.71	158.65	163.01
World Ex. UK (2176)	203.35	1.9	197.86	136.12	156.04	170.45	3.2	1.98	202.80	197.24	135.03	155.08	169.69	207.64	170.30	172.25
World Ex. Japan (1899)	236.92	3.4	230.52	158.59	181.80	223.37	4.3	2.56	238.94	230.44	157.78	181.19	223.26	242.17	190.39	190.39
The World Index (2381)	205.33	1.5	199.78	137.45	157.58	174.92	2.8	2.17	205.00	199.38	136.48	156.78	174.34	209.73	173.10	174.44

MARKETS: This Week

NEW YORK By Tony Jackson





Bond and equity markets this week are likely to remain in a slightly nervous two-way pull. Last week, the equity market fought back from its 171 point collapse on the Dow the previous Friday, and gained 115 points, or more than 2 per cent, in the week.

More ominously, the bond market weakened slightly, with the long bond yield a couple of basis points higher on the week at 6.74 per cent. A month ago it was only a fraction above 6 per cent.

The tension between the two markets is the surface expression of a more fundamental two-way pull.

On the one hand, there is growing evidence of economic recovery, with more supporting data likely this week. On the other, there is no real evidence of the inflation which would normally accompany it.

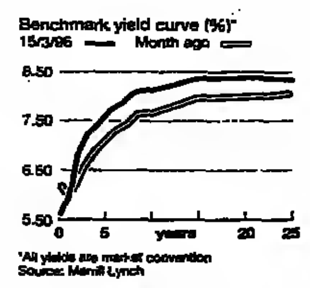
This week's data may prove tricky to interpret, since economic activity was dented around the turn of the year by special factors such as the government shutdown and the January blizzard.

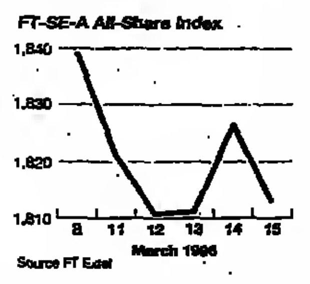
In time, the data will also be distorted by the GM strike, which is already being described as the most serious in the motor vehicle industry in a generation; but that will not show up until next month.

Meanwhile, the February retail sales figures on Wednesday are likely to show a sharp rebound. Forecasts are for an 0.8 per cent rise over the previous month, or close to 10 per cent annualised. Figures for housing starts and permits, due on Tuesday, are also likely to show brisk recovery from a depressed January.

Unexpectedly strong data could find the bond market vulnerable. But in the absence of inflationary pressure, such economic strength would, of course, be good news for equities. So the two-way pull goes on.

LONDON By Philip Coggan





The FT-SE 100 index fell close to its lowest level of the year on Friday night, as another piece of strong US economic data cast further doubt on the likelihood of interest rate cuts by the Federal Reserve.

Falling US interest rates have been one of the factors propping up global equity markets since the start of the year but a sharp rise in bond yields, which has taken the yield on the 10-year gilt from 7.41 per cent at the start of the year to 8.13 per cent by Friday night, has made it hard for equities to make progress.

Gilts will face further tests this week with the publication of February's public sector borrowing requirement numbers today and Wednesday's details on broad money supply growth.

The latter has been accelerating past 10 per cent, prompting some commentators to fear inflationary pressure down the road, while the PSBR numbers have been repeatedly weak, offering the prospect of more gilts supply and reducing the ability of the government to opt for an electioneering Budget.

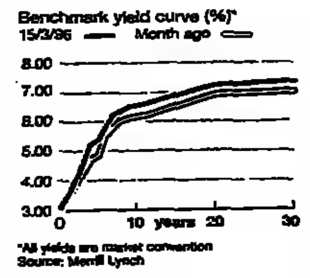
Equities have survived the results season well, with few companies disappointing the market substantially.

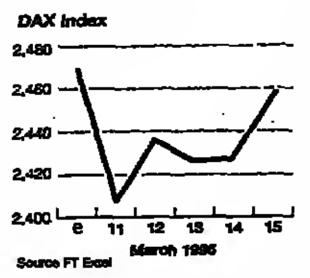
However, they will find it hard to make progress unless gilts and the US markets stabilise.

The Footsie will start the week with a handicap, given that BAT, Glaxo Wellcome, Reuters and Zeneca will be going ex-dividend, knocking around 12 points off the index.

Takeovers might yet come to the equity market's rescue. Some of the favourite rumours were being trotted out to entice investors last week, including the possibility of a bid from Roche, the Swiss pharmaceuticals group, for Zeneca and another for Ladbroke from Bass, the brewing group.

FRANKFURT By Andrew Fisher





As another week passed with no interest rate cuts by the Bundesbank – although Thursday's council meeting was not generally expected to make any changes – the question remains as to when the final reduction in the current cycle will occur.

Even the German research minister got into the monetary act by berating the central bank for not lowering rates to help jobs and investment right.

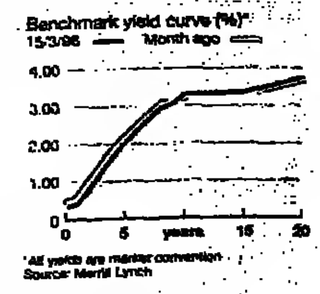
But Mr Jürgen Rüttger's comments will not influence the Bundesbank any more than the predictions of economists that a decrease is likely around the end of March or in April. Chancellor Helmut Kohl distanced himself from the minister, although the government would welcome cuts because the economic data look more depressing.

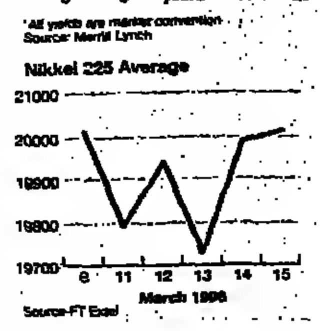
Mr Martin Hüfner, economist at Bayerische Vereinsbank, reckons there have seldom been so many convincing arguments for lower rates. Real interest rates are high at 5 per cent – inflation is just 1.4 per cent – and France, Sweden, the UK and the Benelux countries have all cut theirs. But the bond market has been in turmoil, forcing up yields and creating an adverse climate for rate cuts.

Nonetheless, Mr Hüfner expects rates to test all-time lows as they fall again. The next set of M3 figures for February, due this week, will not clarify the picture because money supply is expected to show a continuing over-rapid trend on an annualised basis. This will reflect start-of-year distortions and investors' preference for the short-term end of the market.

German equities have remained in fairly good heart, too. The DAX index stayed well above the 2,400 level and as more corporate and bank results flow through in coming days, the market could approach record levels.

TOKYO By Emiko Terazono





Economic indicators released this week are expected to confirm the continuing trend of a mild recovery, although the effects on the bond and stock markets are expected to be marginal.

The trade balance for February will be released today. As recent current account data have indicated, the surplus is expected to have dropped sharply, and could contribute to a weaker yen.

Department store figures for February, also to be released today, are expected to show a return in consumer confidence with a second consecutive monthly gain, and February money supply figures should show that aggressive injections by the Bank of Japan have pushed up liquidity growth.

Fourth-quarter GDP figures are due on Tuesday. Merrill Lynch in Tokyo expects a modest rebound after a dismal third quarter.

"A resumption in capex growth and a sharp rebound in housing should support growth," it says. Consumption is likely to remain weak with net exports dragging on overall growth.

Meanwhile, attention will be focused on the parliamentary wrangle over the jusen, or housing loan companies.

Last week, short-term money market rates eased on the delay in the passage of the budget bill, which contains spending on the government's jusen bailout plan.

The delay, caused by the leading opposition party, has started to weigh on the stock market and expectations are rising of a further easing in short-term rates by the Bank of Japan if it continues.

Further haggling over the budget bill could hurt bank stocks. While banks expect the write-offs from the bad loans to the jusen to be tax exempt, the details over the tax treatment of the bad loan write offs to the jusen has yet to be cleared.

COMMODITIES By Richard Mooney

Keeping risk under control

Commodity market speculation is notoriously risky. High gearing and regular margin calls have over the years forced many hopefuls to abandon investments that would eventually have proved profitable because of short-term reverses. And sudden shocks, like frosts in Brazilian coffee areas, can turn market sentiment upside down overnight.

In emerging markets, where transparency may be less complete than could be hoped and management arrangements unproven, these risks are bound to be multiplied. But so can the potential for profit.

The growing range of devices for minimising the risks while retaining as much as possible of the profit poteotial will come under inspection at a two-day conference starting in Vienna tomorrow.

"Commodity Risk Management in Emerging Markets", organised by Futures and Options World magazine, will be chaired by Mr Michael Jenkins, president of the London Commodity Exchange, and will include sector updates on metals, soft commodities and energy markets.

● Other events this week include a two-day conference of Public Affairs in Minerals and Energy that begins in Sydney today. Also begining today, in Joensuu Finland, is a two-day seminar on "Forest Industries Towards the Third Millennium" at which economic and environmental challenges facing the sector will be examined.

In Brussels, European Union agriculture ministers will start a two-day meeting at which proposals for adjusting the EU banana regime, aimed at unblocking the daadlock reached at the January Farm Council, will be discussed.

In Canberra tomorrow the Australian Bureau of Agricultural and Resource Economics will release its Commodities Quarterly and on Wednesday the International Primary Aluminium Institute will publish February production data for its member countries.

Also on Wednesday, Food from Britain starts its two-day annual conference in London. Speakers include Mr Douglas Hodd, agriculture minister, and Mr Michael Heseltine, deputy prime minister.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Willamette Industries (US)	Unit of Hanson (UK/US)	Forestry	£1.05bn	Disposals continue
Noble Drilling Corp (US)	Neddrill (N'lands)	Oil & gas services	£232m	Cash & paper deal
Anglo American Corp (SA)	Lonrho (UK)	Holding company	£91m	Swoop for Bock shares
Cookson Group (UK)	Engineerd Polymers (US)	Plastic products	£57m	Close fit claimed
Inchcape (UK)	Embotelladora Latinoamericano (Peru)	Bottling	£22m	25% stake
Leeds Group (UK)	Nemesis (Italy)	Textiles	£15.7m	Associated rights issue
South African Breweries (SA)	Vultural (Romania)	Brewing	£12m	Further E Europe expansion
MA Hanna (UK)	Victor (US)	Specialist coatings	£11.6m	Rexam non-core disposal

OTHER MARKETS Compiled by Michael Morgan

ZURICH

There is nothing like merger fever to get a stock market steamed up, *writes Ian Rodger*. By most measures, the Swiss market is handsomely valued, but the announcement on March 7 of the mega-merger between the Basle pharmaceuticals groups Ciba and Sandoz has propelled the SMI index of 21 leading shares up more than 5 per cent within a week.

The advance has broadened, and although the inevitable rumours of other big mergers – such as between Swiss Bank Corporation and Zurich Insurance – have been quashed and it is getting more difficult to justify further advanca, nervous money may well continue to head for Swiss franc paper, at least until there are signs of economic recovery elsewhere in Europe.

MILAN

Another nervous week is in store, with the latest polls still giving no clear majority to the centre left or the centre right, which raises the prospect of another weak coalition government after next month's elections. The uncertain mood has been exacerbated by the volatility on Wall Street.

UBS notes that the approval of a decree to abolish the 12½ per cent withholding tax charged to all foreigners investing in Treasury bonds is expected to offer some support to the bond market, which continues to benefit from a strong inflow of capital, as seen in the February Italian mutual fund flow figures. Conversely, equities continue to suffer from an outflow of funds.

On tha corporate front, Benetton is likely to remain at the centre of attention after its share's 12.8 per cent plunge last week. It faces a Dutch court arbitration later in the month over a dispute with Bulova, the watchmaker.

Mr Michele Pacitti at James Capel has downgraded 1995 profits estimates to reflect the potential impact of a L40bn provision should the action go against Benetton. But be retains a buy recommendation, since even if Benetton loses the case, it would have no impact on future earnings.

HONG KONG

After last week's battering, the result of Wall Street's volatility and the tensions in the Taiwan Straits, Hong Kong is not off the hook yet, *writes Louise Lucas*.

The apparent easing of tensions between Taipei and Beijing mollified investors on Friday, but worries persist ahead of the Taiwanese presidential elections on Saturday.

Domestically, the focus will be on corporate earnings and today's land auction, when the government sells four plots. Market forecasts suggest that the auction could raise HK$4bn to HK$5.35bn.

More importantly, active bidding and a return of the heavyweight developers would underline the cbances of a recovery of the sluggish property market.

BRADY BONDS

As in the past few weeks, US Treasuries are again expected to set the agenda for emerging market bonds in the coming days and volatility in the former is likely to keep the latter nervous too, *writes Conner Middelmann*.

Otherwise, much attention will be focused on Brazil this week, where congress is expected to vote again on proposals for social security reform on Wednesday, says Ms Ingrid Iversen, debt strategist at UBS.

The government's original proposals were defeated two weeks ago, putting pressure on bond prices, and a watered-down version is expected to be resubmitted.

Argentine bonds were rattled last week by rumours that Domingo Cavallo, the country's economy minister, would resign.

However, "it is almost inconceivable that the Argentine government would commit hara kiri by letting Cavallo go now, while the economic recovery is still hanging in the balance and just before 5,000 bankers and international press descend on Buenos Aires for the IDB meeting," said Mr Peter West, economic adviser at West Merchant Bank.

CURRENCIES By Philip Gawith

Becalmed currency markets searching for action

Currency traders will not be choosy about where tha action takes place this week. The markets have been totally becalmed recently, with investors focusing much more on the behaviour of bond and asset markets.

Just where and when that action will emerge, however, is more difficult to predict. Some analysts believe currencies are set to range-trade for some while yet, while others see predictions of stability as harbingers of gloom ahead.

If there is a snake lying in the grass, it is the German regional elections on Sunday. Two issnes here have the potential to affect currency markets. One is the performance of the FDP. If its support falls below 5 per cent, this could jeopardise the survival of the governing coalition, of which it is a part.

The other concerns the opposition SDP, which is articulating a newly aggressive anti-Emu, anti-immigration line. A strong showing by the SDP, whicb would encourage the belief that the single currency project is losing momentum, would probably boost the D-Mark.

Markets will also be in Fed-watching mode, in anticipation of the policy-making FOMC meeting next week. The Fed leadership is still believed to have a modest bias towards easing, although some more robust economic data recently have made a cut unlikely.

Mr Dave Munro, chief US economist at High Frequency Economics in New York, believes cantion will prevail. He says the "budget balancing act has lost its momentum", the Fed has less need to seek insurance against recession by cutting rates, and FOMC members remain divided about what is best. But he adds: "The Funds rate is high enough to make the Fed fret more about a slowdown in '97 than about inflation heating."

Aside from second guessing the Fed, markets will be trying to assess the relative growth, and hence interest rate, trends between the US and Germany, to try and establish what sort of effect this will have on currencies. A widening interest rate gap should help the dollar.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, March 15, 1996. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	7236.05	4750.00	3216.16	4485.36
Albania	(Lek)	149.866	98.3500	66.6328	92.8706
Algeria	(Dinar)	81.5774	53.5355	36.2707	50.5529
Andorra	(French Fr)	7.7068	5.0575	3.4265	4.7757
	(Sp Peseta)	189.675	124.475	84.3327	117.540
Angola	(Readj Kwanza)(1)	48432.5	31784.0	21533.9	30013.2
Antigua	(E Carib $)	4.1143	2.7000	1.8293	2.5495
Argentina	(Peso)	1.5234	0.9998	0.6774	0.9441
Armenia	(Dram)	613.909	402.880	272.954	380.434
Aruba	(Florin)	2.7276	1.7900	1.2127	1.6903
Australia	(Aus $)	1.9694	1.2925	0.8756	1.2203
[illegible]					

		£ STG	US $	D-MARK	YEN (X 100)
Greece	(Drachma)	368.546	241.860	163.862	228.385
Greenland	(Danish Krone)	8.6910	5.7035	3.8642	5.3857
Grenada	(E Carib $)	4.1143	2.7000	1.8293	2.5496
Guadeloupe	(Local Fr)	7.7066	5.0575	3.4265	4.7757
Guam	(US $)	1.5238	1	0.6775	0.9443
Guatemala	(Quetzal)	9.4448	6.1982	4.1993	5.8529
Guinea	(Fr)	1519.23	997.000	675.474	941.454
Guinea-Bissau	(Peso)	27488.3	18036.0	12219.5	17031.2
Guyana	(Guyanese $)	211.858	138.900	94.1057	131.162
Haiti	(Gourde)	24.6430	16.1760	10.9594	15.2748
[illegible]					

		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	52.5490	34.4855	23.3642	32.5642
Panama	(Balboa)	1.5238	1	0.6775	0.9443
Papua New Guinea	(Kina)	2.0704	1.3587	0.9217	1.2847
Paraguay	(Guarani)	3070.46	2015.00	1365.19	1902.74
Peru	(New Sol)	3.5863	2.3535	1.5945	2.2224
Philippines	(Peso)	39.9007	26.1850	17.7405	24.7262
Pitcairn Is	(£ Sterling)	1	0.6563	0.4446	0.6197
	(NZ $)	2.2286	1.4624	0.9908	1.3809
Poland	(Zloty)	3.9199	2.5668	1.7411	2.4296
Portugal	(Escudo)	233.050	152.940	103.619	144.419
Puerto Rico	(US $)	1.5238	1	0.6775	0.9443
[illegible]					

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MARKETS: This Week

FUTURES By Richard Lapper

Co-operative mood at Boca Raton meeting

Growing cost and regulatory pressures are forcing the pace of integration in the world's exchange-traded futures and options markets.

Trading, clearing and other links between exchanges were the dominant theme at last week's international futures industry conference at Boca Raton, Florida, where regulatory moves after the Barings crisis and an agreement to reshape the Globex electronic trading system on less exclusive lines were symptomatic of the co-operative mood.

The regulatory initiative – signed by 49 exchanges and 14 regulators – builds on two initiatives taken last year: the Windsor accord between regulators in May and a separate industry initiative which culminated in a report by the Futures Industry Association's Global Task Force in June.

Exchanges party to the new agreement have agreed to exchange information about common members whose exposures are deemed to be excessive or potentially excessive.

The regulatory accord serves as a back-up, allowing the supervisory authorities to pass on information in cases where co-operation between exchanges may be limited either for legal or commercial reasons. Although some exchanges and regulators are still not party to the deal, it is hoped they can eventually be brought on board.

Two of the exchanges that signed the new information sharing accord – the Chicago Mercantile Exchange (CME) and the Paris-based Matif – had earlier reached an agreement on a new deal with Reuters, the international news and financial information group, refashioning their relationship with the Globex electronic trading system, launched in 1992.

The new arrangements – which should take affect at the beginning of May and cover a two-year period – will give much greater flexibility to all three parties, allowing Reuters to sell the utility to other exchanges and giving both the CME and Matif greater room for manoeuvre in developing links with other markets.

Restrictions in the earlier Globex contract had been "barnacles on progress", said Mr Jack Sandner, chairman of the CME, and their removal would allow the CME to pursue more vigorously links with other markets.

In particular, the agreement could have a direct bearing on a plan to develop "joint strategic initiatives" launched by both the CME and the Chicago Board of Trade earlier this year. A joint committee began detailed work earlier this year and is due to complete its report in June.

Prospects for integration are best in areas such as business processing, but Mr Sandner is hopeful progress can also be made in areas such as clearing and trading technologies. He hopes the CBOT, which left the Globex consortium in 1994, might be tempted to make use of Globex, at least by integrating it with Project A, its own system for dealing outside floor trading hours.

Mr Gerard Pfauwadel, chairman of the Matif, which trades between 10 and 15 per cent of its contracts through Globex, also welcomed the logic of the new Globex agreement, which he said made the system a "utility which we can use whenever we want".

Exchanges will now pay Reuters an annual fee for use of capacity on the system, rather than a fee for each transaction.

However, the new Globex deal is unlikely to have any effect on the Matif's link up with the Deutsche Terminbörse (DTB), the German derivatives market.

The future of that agreement appears to be dependent on a prospective German decision – expected in the next few weeks – as to which technology will be used in the cash market. The link-up, originally launched in December 1993, was expanded to incorporate the cash markets last year.

Irrespective of the German decision on this issue, Mr Joerg Franke, general manager of the DTB, said there was still a chance that the agreement between the French and German derivative exchanges could continue. "There will still be room for new talks," he said.

Meanwhile, the DTB is pressing ahead with its plans to install trading screens outside Germany, announcing on Friday that two futures firms, CommerzFutures and Fimat Futures USA bad agreed to become "charter installation sites for US-based DTB trading terminals".

These firms will be the first to gain direct access to a non-US market from a US location, giving US investors and traders easier access to the DTB contracts such as the DAX stock index and bund futures, and potentially increasing competition with the London International Financial Futures and Options Exchange (Liffe) in the latter sector.

Liffe's own link-up with the CBOT, which allows both markets to trade each others main contracts outside floor trading hours, is due to come into effect later this year.

Mr Joerg Franke says recent developments signal the declining importance of geographical location in the futures markets. "We are moving away from the need to be located in one place," he says.

Progress on two smaller links was also announced at Boca Raton, confirming the same underlying trend.

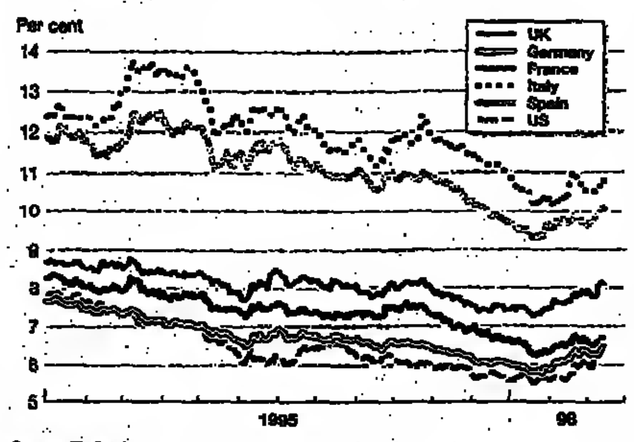
First, the Philadelphia Stock Exchange and the Hong Kong Futures Exchange (HKFE) announced that they had finalised an agreement allowing Philadelphia currency options to be traded on the HKFE during Asian business hours.

Then, the New York Mercantile Exchange (Nymex), which has been building up its Asian links in the past two years, also announced a connection with HKFE.

The two markets signed a letter of intent to place Nymex "Access" workstations in Hong Kong for use by both exchanges' members. The two markets will look at ways of linking trading and clearing systems as well as joint-marketing initiatives.

Nymex announced a link with the Sydney Futures Exchange last September. Mr Dan Rappaport, chairman of Nymex, said: "The way to go for exchanges is to develop their own systems and link up with other exchanges."

10-year benchmark bond yields



Source: FT Extel

INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	5.00	0.50	3.00	5.60[1]	9.00	6.00[2]
Overnight	5.50	0.41	3.25	4.00	8.75	5.75
Three month	5.12	0.42	3.30	4.15	9.68	6.64
One year	5.43	0.62	3.42	4.40	9.40	5.93
Five year	6.13	1.80	5.36	5.98	10.14	7.63
Ten year	6.43	3.01	6.53	6.74	10.74	8.13

(1) France-Repo rate. (2) UK-Base rate. Source: Reuters.

EMERGING MARKETS By Jonathan Wheatley in São Paulo

Cause for optimism in Brazil

These are worrying times for investors in Brazil. The government's economic stabilisation plan has just suffered its most turbulent week in its two-year history.

Badly shaken by two surprise defeats in congress, President Fernando Henrique Cardoso and his allies are scrambling behind the scenes to stave off a parliamentary inquiry into the banking system which threatens to stall the reform process.

They must also salvage what they can from rejected proposals for a new state pensions system. Constant delays to this and other structural reforms mean that fiscal equilibrium, promised since the beginning of last year, is nowhere in sight while astronomic interest rates, the government's stopgap alternative, cannot be maintained for ever.

However, crises in Brazil have a habit of blowing over more quickly than they started and analysts remain confident stocks will ride out the turbulence of the past 10 days.

There is certainly cause for optimism. The battle against high inflation seems to have been won. The recession that loomed six months ago has been avoided and gross domestic product is likely to grow by about 4 per cent this year.

After fears of a tough start to 1996, many companies are reporting higher levels of activity than in early 1995 when sales were booming in the first months of low inflation.

Despite a poor January and February for public accounts, the government's operational deficit (which takes account of inflation and interest payments) is likely to fall from 4.95 per cent of GDP in 1995 to 2 to 3 per cent this year as lower interest rates reduce the cost of servicing the government's domestic debt.

Rates are still high by international standards, though: money market overnight rates have fallen from more than 7 per cent a month last May to about 3 per cent a month now. As ministers insist the current account deficit can be financed, the government will continue to exasperate puritan economists by, as they say in Brazil, 'pushing its problems along with its stomach'.

"Unfortunately, they'll probably get away with it," says Mr Wayne Perkins of Norchem, Chemical Bank's investment banking affiliate in Brazil. He would rather see quicker progress on reform, but Mr Perkins thinks the government will get through the current crisis without changing its approach.

"This government takes a long time to get things done, but it moves at its own pace and in the end it's efficient," he says. "There will probably be another lull and then, when everybody's looking the other way, things will move again. There's no fundamental problem with the reform plan."

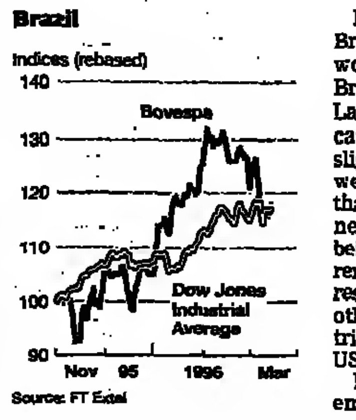
Stock markets are less relaxed. Recent upsets were triggered by the senate's decision on March 6 to launch a formal inquiry into the banking system following accusations of fraud at Banco Nacional, which was taken over by the central bank and sold to a rival, Unibanco, last November. An inquiry would distract attention from other reforms and could further undermine the central bank's credibility.

Within hours of the senate's decision, markets suffered a second blow when the lower house rejected pension plans that the government was confident would be accepted. Stock prices reacted accordingly.

The picture is complicated, though, by uncertainty over US interest rates after February's better than expected employment figures made further cuts unlikely in the short term. The figures were announced on March 8 and it is hard to say if subsequent movements in Brazilian stocks were caused more by domestic or international factors.

Mr Matthew Moniot of São Paulo consultants MCM says international events could take on a longer-term significance. If Japan's economy recovers, he says, repatriation of Japanese overseas investment would take money away from Brazil and other emerging markets. "If Japan gets on its legs soon, there'll be real problems," he says. "That would mean a lot of money leaving US fixed income markets with a knock-on effect on Brady bonds and emerging market stocks."

Brazil



Source: FT Extel

In the short term, however, Brazil could even benefit from worries overseas. Salomon Brothers recently changed its Latin American portfolio allocations to move Brazil from slightly underweight to overweight. Its main reason was that Brazil, with good domestic news in the offing (Salomon believes the government's current problems will quickly be resolved), is better placed than other Latin American countries to survive worries over US interest rates.

But even before the US employment figures were announced, foreign investors had begun voting with their feet. The São Paulo Stock Exchange (Bovespa) said foreign investors took $114m from the exchange in the first eight days of March – the first outflow recorded since last November – citing worries over the banking inquiry and pensions reform as the two main motives.

However, the Bovespa is confident that the money will return. Brazilian stocks have been calmer since their initial reaction to the government's double defeat. There are promising signs that the senate banking inquiry will not go ahead (a decision is expected this week and stocks are sure to react) and it seems likely that the government will patch up a deal over pensions that salvages at least some of its original proposals.

ING BARING SECURITIES EMERGING MARKETS INDICES

Index	15/3/96	Week on week movement Actual	Percent	Month on month movement Actual	Percent	Year to date movement Actual	Percent
World (395)	153.03	+0.25	+0.17	-6.96	-4.35	+5.47	+3.70
Latin America							
Argentina (22)	89.98	-2.56	-2.76	-9.17	-9.25	-2.80	-3.02
Brazil (23)	203.78	+2.18	+1.09	-20.93	-9.34	+17.08	+9.18
Chile (16)	178.20	-0.38	-0.21	-4.53	-2.48	-17.46	-8.93
Colombia (14)	153.82	-8.60	-5.29	-14.15	-8.42	-10.43	-6.35
Mexico (23)	75.18	+0.48	+0.65	-3.85	-4.88	+1.58	+2.15
Peru (14)	1,075.60	+26.76	+2.55	-96.62	-6.24	+6.65	+0.62
Latin America (112)	125.54	+0.23	+0.18	-9.80	-7.24	+2.39	+1.94
Europe							
Greece (18)	111.23	+1.30	+1.18	+6.18	+5.87	+13.26	+13.54
Portugal (20)	127.62	+2.49	+1.99	+2.34	+1.86	+11.17	+9.59
Turkey (26)	110.80	-0.15	-0.14	+4.90	+4.63	+28.00	+33.82
South Africa (32)	157.71	+2.82	+1.69	-10.44	-6.21	+4.33	+2.82
Europe (96)	129.03	+1.98	+1.55	-5.12	-3.82	+7.49	+6.17
Asia							
China (24)	45.43	-2.61	-5.44	-3.48	-7.11	+5.11	+12.67
Indonesia (32)	145.69	+0.90	+0.62	-9.74	-6.27	+7.04	+5.08
Korea (23)	131.15	-1.10	-0.83	-1.81	-1.36	-5.72	-4.18
Malaysia (24)	251.02	+0.48	+0.18	+6.55	+2.68	+23.68	+10.40
Pakistan (14)	84.12	-4.30	-4.86	-14.97	-15.11	+10.53	+14.31
Philippines (14)	286.09	-6.20	-2.12	-13.08	-4.37	+26.92	+10.39
Thailand (25)	249.83	-8.06	-3.12	-22.37	-8.22	-1.96	-0.78
Taiwan (31)	127.48	+3.43	+2.77	+4.48	+3.64	-3.35	-2.56
Asia (187)	211.43	-1.10	-0.52	-4.16	-1.94	+8.39	+4.13

All indices in $ terms, January 7th 1992=100. Source: ING Baring Securities.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book-runner
US DOLLARS							
Nissan Chemical Inds(a)ф	100	Mar 2000	2.375	100.00	-	-	IBJ International
Kyo Mildori(b)ф	94.75	Mar 2000	2.625	100.00	-	-	Mitsubishi Finance Intl
Carlpino(c)‡	200	Apr 2001	(c1)	99.98R	-	-	Lehman Brothers
CHD Hong Bank‡	120	Apr 1998	(d)	100.00	-	-	BA Asia/LTCB Asia
DKB Asia‡	100	Mar 1997	(e)	100.05	-	-	BZW/Dai-Ichi Kangyo
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GUILDERS							
Nedgas(f)S	200	Apr 2006	4.25	102.50	-	-	Rabo Securities
SNS Groep	250	Mar 2006	7.25	99.07R	7.39R	+82½(6%-06)	ABN Amro Hoare Govett
FRENCH FRANCS							
EIB	3bn	Apr 2006	6.75	99.99R	6.75R	+5(OAT-06)	ABN Amro/BNP/Paribas
Bayerische Hypothekenbank	1.5bn	Apr 2001	6.125	100.1R	6.11R	+19(0)	Credit Agricole
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Further sections of the table (ITALIAN LIRE, AUSTRALIAN DOLLARS, ECU, D-MARKS, PESETAS, CANADIAN DOLLARS, FINNISH MARKKAS, YEN, ESCUDOS, SWISS FRANCS, STERLING) and the table footnotes: [illegible]

ATHENS STOCK EXCHANGE March 8th - March 15th 1996 **GREECE**

ASE INDEX	1001.18	P/E 95e (after tax)	13.4	GDP (USD bn) 95e	109.66		
%Chg (Prev. Wk)	0.25	P/E 94 (after tax)	15.3	Per Capita Income (USD)	10,694		
Yearly High	1026.02	EPS GROWTH (%) 95e	18	Inflation Rate (% Y.O.Y. February 96)	8.50		
Yearly Low	898.44	P/CE 95e/94	11.9 / 12.4	12 Month T-bill (%, end of March issue)	13.40		
WEEKLY VOLUME (USD m)	144.98	P/BV 95e/94	2.7 / 2.4	1-Month Athibor (%)	13.94		
%Chg (Prev. Wk)	-8.86	Div. Yield (%) 95e/94	5.0 / 4.8	GRD/US$	241.28		
1 Yr Wk Avg. (USD m)	135.66			A.S.E. Market Capitalisation - 15/3/96 (USD bn)	13.10		
				IPOs & Rights Issues (in USD m) 1 Jan '96 - 15 Mar '96	47.74		

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 15 / Sch)

BELGIUM/LUXEMBOURG (Mar 15 / Frs.)

CZECH REP (Mar 15 / Korunå)

DENMARK (Mar 15 / Kr)

FINLAND (Mar 15 / Mka)

FRANCE (Mar 15 / Frs.)

GERMANY (Mar 15 / Dm.)

GREECE (Mar 15 / Drachma)

ITALY (Mar 15 / Lira)

NETHERLANDS (Mar 15 / Fls.)

NORWAY (Mar 15 / Kroner)

POLAND (Mar 15 / Zloty)

PORTUGAL (Mar 15 / Escudo)

SPAIN (Mar 15 / Pts.)

SWEDEN (Mar 15 / Kronor)

SWITZERLAND (Mar 15 / Frs.)

TURKEY (Mar 15 / Tk Lira)

PACIFIC

JAPAN (Mar 15 / Yen)

AUSTRALIA (Mar 15 / Aus$)

HONG KONG (Mar 15 / H.K.$)

INDONESIA (Mar 15 / Rupiah)

MALAYSIA (Mar 15 / MYR)

NEW ZEALAND (Mar 15 / NZ $)

SINGAPORE (Mar 15 / S$)

SOUTH KOREA (Mar 15 / Won)

TAIWAN (Mar 15 / TW $)

THAILAND (Mar 15 / Baht)

AFRICA

SOUTH AFRICA (Mar 15 / Rand)

NORTH AMERICA

CANADA

TORONTO (Mar 15 / Can $)
4 pm close

MONTREAL (Mar 15 / Can $)
4 pm close

INDICES

	Mar 15	Mar 14	Mar 13	1995/96 High		1995/96 Low	
Denmark							
CopenhagenSE(3/1/83)	381.79	381.15	381.75	391.35	13/2/96	330.01	29/3/95
Finland							
HEX General(28/12/90)	1856.44	1866.92	1852.92	2332.22	14/3/95	1555.30	29/3/95
France							
SBF 250(31/12/90)	1341.10	1344.94	1338.59	1372.31	4/3/96	1164.41	13/3/95
CAC 40(31/12/87)	1950.12	1962.41	1944.30	2024.09	1/2/96	1721.14	23/10/95
Germany							
FAZ Aktien(31/12/58)	872.75	862.34	860.11	888.12	5/3/96	708.87	30/3/95
Commerzbank(1/12/53)	2529.4	2500.9	2491.2	2884.18	5/3/96	2018.70	30/3/95
DAX§(30/12/87)	2458.23	2426.49	2426.38	2501.22	1/3/96	1910.96	28/3/95
Greece							
Athens SE(31/12/80)	1001.16	996.47	994.87	1017.96	4/3/96	787.15	16/3/95
Hong Kong							
Hang Seng(31/7/64)	10557.58	10451.75	10249.48	11594.99	16/2/96	6967.53	23/1/95
India							
BSE Sens.(1979)	3343.27	3386.05	3373.73	3932.09	2/1/95	2828.08	25/1/96
Indonesia							
Jakarta Comp.(10/8/82)	576.79	569.90	560.12	597.36	27/2/96	414.21	19/4/95
Ireland							
ISEQ Overall(4/1/88)	2344.88	2334.75	2340.26	2398.79	7/3/96	1813.59	23/1/95
Italy							
Banca Comm Ital(1972)	592.26	588.06	591.00	680.54	10/2/96	547.79	5/12/95
MIB General(2/1/95)	1004.0	997.0	1002.0	1082.00	9/2/96	882.00	15/1/96
Japan							
Nikkei 225(16/5/49)	20190.85	19923.86	19734.70	21118.30	8/2/96	14485.40	3/7/95
Nikkei 300(1/10/82)	290.40	286.68	284.54	307.98	5/1/96	222.28	13/6/95
Singapore							
SES All-S'pore(2/4/75)	574.23	572.10	561.33	619.37	5/2/96	472.90	23/1/95
South Africa							
JSE Gold(28/9/78)	1783.6	1795.3	1774.1	2023.09	2/1/95	1250.20	30/10/95
JSE Ind.(28/9/78)	8141.2¶	8271.4	8276.9	8739.30	25/1/96	6222.00	31/1/95
South Korea							
KoreaCompEx**(4/1/80)	856.46	844.43	838.87	1027.37	2/1/95	838.87	13/3/96
Spain							
Madrid SE(30/12/85)	327.50	328.49	327.50	345.87	1/3/96	264.08	23/3/95
Sweden							
AffarsvarldenGen(1/2/37)	1875.0	1881.0	1870.1	1902.80	4/3/96	1439.80	29/3/95
Switzerland							
Swiss Bk Ind(31/12/58)	1699.76	1705.77	1699.31	1715.70	7/3/96	1174.69	13/3/95
SBC General(1/4/87)	1213.75	1219.13	1214.77	1219.13	14/3/96	870.58	13/3/95
Taiwan							
WeightedPr.**(30/6/66)	4936.31	4851.65	4751.08	7051.49	5/1/95	4503.37	14/8/95
Thailand							
Bangkok SET(30/4/75)	1267.06	1283.98	1247.70	1472.04	10/7/95	1135.89	18/3/95
Turkey							
Istanbul Comp.(Jan 1986)	64181.6	63550.0	62165.3	66328.28	5/3/96	24644.30	23/1/95
WORLD							
MS Capital Int$(1/1/70)	745.2*	745.3	740.9	761.10	23/2/96	598.21	23/1/95
CROSS-BORDER							
Eurotrack 100(26/10/90)	1583.14	1580.06	1576.49	1607.55	7/3/96	1222.41	13/3/95
Euro Top-100(26/6/90)	1387.80	1383.38	1385.40	1416.84	1/3/96	1117.34	9/3/95
JCapelDrgns(31/12/88)	(u)	359.07	352.20	382.52	19/2/96	292.07	23/1/95
ING Bmgs Emrg(7/1/92)	153.03	152.11	150.64	162.72	5/2/96	117.35	10/3/95

US INDICES

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Kmart	14,149,500	10⅝	+¼
Micron	13,959,200	32⅝	+3⅛
WalMart	8,351,100	23⅝	+⅛
Philip Morris	7,539,300	95⅝	+2⅝
Merck	5,515,800	62⅝	-⅛
AT&T	5,185,000	61⅛	-⅛
Bay Network	5,096,300	37⅛	+2⅝
Gen Elec	4,751,700	75⅛	+⅛
[illegible]	4,588,300	17	-⅛
McDonnell	4,239,200	18⅝	-⅛

TRADING ACTIVITY

● Volume (million)

	Mar 15	Mar 14	Mar 13
New York SE	529.950	494.429	411.825
Amex	20.875	22.936	19.554
NASDAQ	(u)	(u)	498.997
NYSE			
Issues Traded	3,114	3,104	3,112
Rises	1,077	1,441	1,523
Falls	1,247	901	893
Unchanged	790	762	706
New Highs	70	130	88
New Lows	27	31	22

S&P 500

	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
Jun	647.35	647.00	-0.50	649.30	643.60	92,377	179,814
Sep	653.20	652.60	-0.35	653.60	651.50	1,049	4,421

Nikkei 225

	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
Jun	20050.0	20200.0	+260.0	20310.0	20050.0	39,859	252,460
Sep	20110.0	20360.0	+460.0	20360.0	20110.0	1,414	11,324

Open interest figures for previous day.

INDEX FUTURES

CAC-40 (200 x Index)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Mar	1968.0	1952.0	-12.0	1970.0	1941.0	18,707	36,945
Apr	1970.5	1955.0	-12.5	1971.5	1948.0	97	8,168

DAX

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Mar	2445.0	2465.0	+18.0	2482.0	2445.0	30,784	-
Jun	2485.0	2484.0	+8.0	2491.5	2473.5	12	-

OMX

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Mar	1490.00	1480.00	-6.00	1492.00	1474.00	2,968	19,099
Apr	1485.00	1488.00	+3.25	1491.00	1485.00	292	3,885

SOFFEX

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Mar	3585.0	3588.1	+9.9	3591.5	3582.0	3,420	13,889
Apr	3578.1	3551.5	-23.5	3588.0	3543.0	5,477	13,198

** Sat Mar 9 . Taiwan Weighted Price 4809.51; Korea Comp Ex 863.63. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Mar 15 - 2458.00 +25.54.

† Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are usually last traded prices. Highs/Lows are based on data from Jan 1 1995. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. ‡ Priced in US $

TOKYO - MOST ACTIVE STOCKS: Friday, March 15, 1996

	Stocks Traded	Closing Prices	Change on day
Pacific Metals	18.0m	767	+15
Tobu Railway	15.6m	644	+3
Keisei Ele Ry	13.3m	1110	-10
Isuzu Motors	8.0m	539	+22
Odakyu Ele Rl	8.0m	709	+1
Keihin E Exp Ry	8.0m	606	+1
Shinko Electric	7.6m	917	-21
Nippon Stl Crp	7.5m	339	+1
NKK Corp	6.7m	292	+4
Sumitomo Mtl Ind	6.2m	307	+8

مكبر من الأصل

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Mar 15		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.8176	+0.0475	103 - 249	15.8333	15.7586	15.7876	2.3	15.7051	2.8	-	-	108.0
Belgium	(BFr)	46.2189	+0.1175	743 - 595	46.2820	46.0820	46.1119	2.7	45.9019	2.7	44.9919	2.7	108.3
Denmark	(DKr)	8.6910	+0.023	864 - 956	8.7061	8.6645	8.6787	1.7	8.655	1.7	8.5562	1.6	109.1
Finland	(FM)	7.0515	+0.0252	439 - 590	7.0660	7.0030	7.0471	0.7	7.039	0.7	-	-	83.2
France	(FFr)	7.7066	+0.0208	038 - 094	7.7190	7.6886	7.6941	1.6	7.6718	1.8	7.5769	1.7	109.5
Germany	(DM)	2.2491	+0.0068	481 - 500	2.2541	2.2408	2.244	2.7	2.234	2.7	2.199	2.7	110.3
Greece	(Dr)	368.548	+1.016	328 - 765	369.240	367.106	-	-	-	-	-	-	68.3
Ireland	(I£)	0.9688	-0.0007	679 - 697	0.9699	0.9673	0.968	1.0	0.9667	0.8	0.9617	0.7	97.6
Italy	(L)	2389.36	-0.08	759 - 113	2395.37	2383.25	2397.51	-4.1	2412.26	-3.8	2465.81	-3.2	73.7
Luxembourg	(LFr)	46.2189	+0.1175	743 - 595	46.2820	46.0820	46.1119	2.7	45.9019	2.7	44.9919	2.7	108.3
Netherlands	(Fl)	2.5157	+0.0056	142 - 171	2.5281	2.5094	2.5097	2.8	2.4977	2.9	2.4461	2.8	108.4
Norway	(NKr)	9.7966	+0.0301	883 - 049	9.8117	9.7639	9.7865	1.2	9.7664	1.2	9.6755	1.2	98.9
Portugal	(Es)	233.050	+1.204	897 - 203	233.951	232.302	233.475	-2.2	234.38	-2.3	-	-	95.4
Spain	(Pta)	189.675	+1.23	587 - 763	189.782	188.826	190.095	-2.7	190.88	-2.5	193.81	-2.1	81.8
Sweden	(SKr)	10.3369	+0.0031	265 - 472	10.3677	10.3097	10.3384	-0.2	10.3404	+0.1	10.3459	+0.1	87.1
Switzerland	(SFr)	1.8140	+0.0054	130 - 150	1.8182	1.8097	1.8076	4.2	1.7948	4.2	1.7405	4.1	114.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	83.4
Ecu	-	1.2165	+0.0015	148 - 181	1.2176	1.2131	1.2142	1.3	1.2112	1.4	1.1984	1.4	-
SDR†	-	1.04088	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5234	+0.0008	229 - 238	1.5301	1.5228	-	-	-	-	-	-	-
Brazil	(R$)	1.5043	-0.0006	036 - 050	1.5098	1.5035	-	-	-	-	-	-	-
Canada	(C$)	2.0790	-0.0069	781 - 799	2.0928	2.0778	2.0777	0.8	2.0756	0.7	2.0702	0.4	94.2
Mexico	(New Peso)	11.5230	+0.002	047 - 412	11.5867	11.5042	-	-	-	-	-	-	-
USA	($)	1.5238	-0.0007	234 - 242	1.5303	1.5229	1.523	0.6	1.5213	0.6	1.5148	0.8	95.7
Pacific/Middle East/Africa													
Australia	(A$)	1.9694	+0.0017	682 - 705	1.9792	1.9661	1.9718	-1.5	1.9763	-1.4	2.0006	-1.6	90.5
Hong Kong	(HK$)	11.7811	+0.0055	776 - 845	11.8300	11.7745	11.7745	0.7	11.7652	0.5	11.7442	0.3	-
India	(Rs)	52.3121	+0.4045	698 - 544	52.7160	52.0550	-	-	-	-	-	-	-
Israel	(Shk)	4.7156	+0.0027	117 - 195	4.7283	4.7114	-	-	-	-	-	-	-
Japan	(Y)	161.371	+0.793	252 - 489	161.690	160.940	160.621	5.6	159.136	5.5	152.761	5.3	137.2
Malaysia	(M$)	3.8709	+0.0011	691 - 727	3.8847	3.8686	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2286	+0.0194	272 - 300	2.2387	2.2148	2.2334	-2.6	2.2423	-2.4	2.276	-2.1	108.9
Philippines	(Peso)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7151	-0.0021	134 - 188	5.7392	5.7118	-	-	-	-	-	-	-
Singapore	(S$)	2.1444	-0.0001	434 - 453	2.1513	2.1429	-	-	-	-	-	-	-
South Africa	(R)	5.9883	-0.0323	839 - 947	6.0277	5.9826	-	-	-	-	-	-	-
South Korea	(Won)	1189.55	-0.51	917 - 994	1194.55	1188.93	-	-	-	-	-	-	-
Taiwan	(T$)	41.8436	-0.0781	173 - 698	42.0067	41.7636	-	-	-	-	-	-	-
Thailand	(Bt)	38.4455	-0.0184	201 - 709	38.6020	38.4180	-	-	-	-	-	-	-

† Rates for Mar 14. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 15		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan Index
[illegible]													
South Africa	(R)	3.9305	-0.0195	280 - 330	[illegible]	[illegible]							
South Korea	(Won)	780.650	-	600 - 700	[illegible]	[illegible]							
Taiwan	(T$)	27.4600	-0.0395	500 - 700	[illegible]	[illegible]							
Thailand	(Bt)	25.2300	-	200 - 400	[illegible]	[illegible]							

† SDR rate per $ for Mar 14. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 14. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 15		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.80	16.67	4.886	2.098	5169	5.444	21.20	504.3	410.4	22.37	3.925	2.164	4.498	3.297	349.2	2.631
Denmark	(DKr)	53.18	10	8.868	2.598	1.115	2749	2.895	11.27	268.2	218.3	11.90	2.087	1.151	2.392	1.754	185.7	1.399
France	(FFr)	59.97	11.28	10	2.918	1.257	3100	3.285	12.71	302.5	246.1	13.42	2.354	1.298	2.698	1.977	208.4	1.578
Germany	(DM)	20.55	3.864	3.427	1	0.431	1062	1.118	4.366	103.6	94.35	4.598	0.807	0.445	0.924	0.678	71.77	0.541
Ireland	(I£)	47.70	8.969	7.954	2.321	1	2465	2.596	10.11	240.6	195.8	10.67	1.872	1.032	2.146	1.573	166.6	1.255
Italy	(L)	1.935	0.364	0.323	0.094	0.041	100.	0.105	0.410	9.767	7.941	0.433	0.076	0.042	0.087	0.064	6.756	0.051
Netherlands	(Fl)	18.37	3.454	3.063	0.894	0.385	949.5	1	3.894	92.65	75.40	4.110	0.721	0.397	0.826	0.606	64.15	0.483
Norway	(NKr)	47.18	8.871	7.867	2.296	0.989	2439	2.568	10	237.9	193.9	10.55	1.852	1.021	2.122	1.556	164.7	1.241
Portugal	(Es)	19.83	3.728	3.306	0.965	0.416	1025	1.079	4.203	100.	91.38	4.436	0.778	0.429	0.892	0.654	69.24	0.522
Spain	(Pta)	24.36	4.581	4.063	1.195	0.511	1259	1.326	5.164	122.9	100.	5.451	0.956	0.527	1.098	0.803	85.08	0.641
Sweden	(SKr)	44.70	8.405	7.454	2.175	0.937	2310	2.433	9.475	225.4	183.5	10	1.754	0.967	2.011	1.474	156.1	1.176
Switzerland	(SFr)	25.48	4.791	4.249	1.240	0.534	1317	1.387	5.401	128.5	104.8	5.700	1	0.551	1.146	0.840	88.97	0.670
UK	(£)	46.22	8.691	7.707	2.249	0.969	2389	2.518	6.797	233.1	189.7	10.34	1.814	1	2.079	1.524	161.4	1.218
Canada	(C$)	22.23	4.180	3.707	1.082	0.466	1149	1.210	4.712	112.1	91.25	4.974	0.873	0.481	1	0.733	77.63	0.585
US	($)	30.33	5.703	5.057	1.476	0.636	1568	1.651	8.428	153.0	124.5	6.785	1.190	0.656	1.364	1	105.9	0.798
Japan	(Y)	28.64	5.385	4.775	1.393	0.600	1480	1.559	8.070	144.4	117.5	6.408	1.124	0.620	1.288	0.944	100.	0.753
Ecu		38.01	7.147	6.338	1.850	0.797	1965	2.069	8.057	191.7	156.0	8.503	1.492	0.822	1.710	1.253	132.7	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Mar	0.6787	0.6796	+0.0002	0.6825	0.6770	6,233	30,932
Jun	0.6832	0.6830	+0.0002	0.6860	0.6800	18,972	49,615
Sep	0.6860	0.6867	+0.0003	0.6890	0.6847	57	2,030

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Mar	0.8415	0.8430	+0.0011	0.8458	0.8386	1,618	16,131
Jun	0.8495	0.8505	+0.0011	0.8535	0.8463	10,369	25,368
Sep	0.8565	0.8580	+0.0012	0.8565	0.8545	22	424

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Mar	0.9461	0.9451	-0.0030	0.9477	0.9438	5,462	18,990
Jun	0.9595	0.9567	+0.0029	0.9597	0.9551	10,946	51,914
Sep	0.9696	0.9685	-0.0026	0.9705	0.9676	205	1,132

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Mar	1.5260	1.5306	+0.0054	1.5330	1.5230	1,848	27,788
Jun	1.5202	1.5282	+0.0056	1.5280	1.5196	7,879	32,130
Sep	-	1.5282	+0.0056	1.5250	1.5200	11	29

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
1.500	2.82	2.79	3.23	-	0.17	0.67
1.510	1.67	2.04	2.54	-	0.37	0.98
1.520	0.68	1.37	1.98	-	0.70	1.38
1.530	0.25	0.71	1.49	0.01	1.17	1.88
1.540	-	0.47	0.98	0.19	1.80	2.51
1.550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Previous day's vol., Calls [illegible] Puts [illegible]. Prev. day's open int., Calls [illegible] Puts [illegible]

■ Pound in New York

Mar 15	Close	Prev. close
£ spot	1.5295	1.5290
1 mth	1.5287	1.5282
3 mth	1.5270	1.5265
1 yr	1.5203	1.5198

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Markets pages in today's edition.

UK INTEREST RATES

LONDON MONEY RATES

Mar 15	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6½ - 5½	6 - 5¾	6 1/16 - 5 31/32	6⅛ - 6	6⅛ - 6	6⅜ - 6¼
Sterling CDs	-	-	6 - 6 1/16	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	[illegible]	[illegible]	-	-
Bank Bills	-	-	[illegible]	[illegible]	5⅞ - [illegible]	-
Local authority deps.	[illegible]	[illegible]	6 - 5⅞	[illegible]	[illegible]	[illegible]
Discount Market deps	5⅞ - 5⅝	5⅞ - 5¾	-	-	-	-

UK clearing bank base lending rate 6 per cent from March 8, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount on Mar 15, 5.7888pc. ECGD fixed rate Stlg. Export Finance. Make up day Feb 29, 1996. Agreed rate for period Mar 26, 1996 to Apr 25, 1996, Schemes II & III 7.48pc. Reference rate for period Feb 1, 1996 to Feb 29, 1996, Schemes IV & V 6.238pc. Finance House Base Rate 6.5pc from March 1, 1996

BANK OF ENGLAND TREASURY BILL TENDER

[illegible]

BASE LENDING RATES

[illegible]

BANK RETURN

BANKING DEPARTMENT

[illegible]

ISSUE DEPARTMENT

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

STOCK INDICES

[illegible]

WORLD INTEREST RATES

MONEY RATES

March 15	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.80	-	5.60
week ago	4	[illegible]	[illegible]	[illegible]	[illegible]	3.80	-	5.60
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	9½	-	9.00	9.87
week ago	[illegible]	[illegible]	[illegible]	9½	[illegible]	-	6.00	9.89
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
US	5½	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	½	[illegible]	-	0.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.10	5.16	5.24	5.43	-	-	-
week ago	-	5.10	4.95	4.98	5.09	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	3½	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 15	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	4⅛ - 4	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	8½ - 8⅜	8½ - 8⅜
Sterling	[illegible]	5⅞ - 5¾	[illegible]	[illegible]	6⅛ - 6	[illegible]
Swiss Franc	2¼ - 2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	5½ - 5¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	½ - ⅜	½ - ⅜	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	3 - 2⅞	2¼ - 2⅛	2⅛ - 2	2¼ - 2⅛	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.60	94.57	-0.04	94.60	94.56	37,370	265,374
Jun	94.59	94.51	-0.08	94.60	94.48	63,160	400,930
Sep	94.48	94.31	-0.17	94.47	94.30	72,176	320,405

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.10	95.06	+0.05	95.10	95.05	484	3,031
Jun	95.09	95.00	-0.08	95.10	94.99	980	8,709
Sep	94.94	94.78	-0.17	94.94	94.78	229	2,654

All Open Interest figs. are for previous day

FT GOLD MINES INDEX

[illegible]

LONDON RECENT ISSUES: EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

[illegible]

BERMUDA (REGULATED)(**)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

Guinness Flight Select Funds Plc

[illegible]

IRELAND (REGULATED)(**)

[illegible]

Chemical Ireland Fund Administrators Ltd

[illegible]

Ashburton Global Funds Ltd (1200)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

John Govett Management - Contd.

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

Eagle Star – Global Assets Fund (u)

[illegible]

Nikko Capital Management

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

[illegible]

BANKS, MERCHANT

[illegible]

BANKS, RETAIL

[illegible]

BREWERIES, PUBS & REST

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

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هكذا من الأصل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

LEISURE & HOTELS - Cont.

OTHER FINANCIAL - Cont.

PROPERTY - Cont.

SUPPORT SERVICES - Cont.

AIM - Cont.

PAPER, PACKAGING & PRINTING

LIFE ASSURANCE

MEDIA

RETAILERS, FOOD

RETAILERS, GENERAL

TELECOMMUNICATIONS

TEXTILES & APPAREL

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	Wk% ch'nge	Div net	Div cov	Dividends paid	Last xd	City line
Anglo Am Ind		£30½	—	Q545c	ф	Oct May	3'93	–
Barlow	‡	£8⅝	1.0	Q84c	ф	Jan Jul	11.12	–
Energy Africa		174	–	–	–	–	–	–
Gold Flds Prop R		196α	2.6	Q60c	2.1	Mar Sep	28.2	–
MK Props.		85	—	Q63.0c	–	Mar Sep	1.9	–
SASOL	♥	636	–2	Q78c	–	Oct	9'93	–
SA Brews		£22½	–1.9	Q200c	2.1	Jan Dec	27.11	–
Standard Bank	□	£29⅝	4.8	Q284c	3.1	Sep Mar	–	–
Tiger Oats		1112	–2.2	Q198c	ф	Jan Aug	11.12	–
Tongaat-Hulett	♥	990	—	Q110c	2.7	Jan Jun	4.12	–

CNBC

TOBACCO

TRANSPORT

OTHER INVESTMENT TRUSTS

PHARMACEUTICALS

RETAILERS, GENERAL - Cont.

OIL EXPLORATION & PRODUCTION

PROPERTY

INVESTMENT COMPANIES

WATER

SUPPORT SERVICES

AIM

OIL, INTEGRATED

OTHER FINANCIAL

LEISURE & HOTELS

GUIDE TO LONDON SHARE SERVICE

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Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; unless "v" is shown in the Notes field, indicating that the cover is calculated on a "net" basis. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
ф Figures or report awaited
♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
♣ Free annual/interim report available, see details below.
⁂ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
# Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress
§ Forecast dividend; cover based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v P/e ratio & net cover calculated under new ACT guidelines. z Dividend includes a special payment. Cover does not apply to special payment. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/ or rights issue. S Dividend based on prospectus or other official estimates for 1995. K Dividend based on prospectus or other official estimates for 1996. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1995-96. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1350 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service: **Additions:** **Clubhaus** (Leis & Htl), **Shire Pharm** (Pharma), **Energy Africa** (Sth Africans) and **Ballynatray and Optical Care** (Bermuda) (AIM). **Deletions:** **Pancontinental** (Extr Inds), **Goal Ptrm** (Oil Expln) and **Caird Cv Pf** (Sup Serv).

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close March 15

1995/96 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
22⅛	12⅛	AAR	0.48	2.3	22	82	20⅞	20½	20½	-¼
48¼	35	AMP	1.00	2.3	21	6577	43	42⅛	42⅝	-½
93⅜	53⅛	AMR			36	6560	92¾	90½	90¾	-2
50½	38⅜	ASA	2.00	4.5	79	625	44¾	44	44	-⅝
44¾	30¾	AbbtL	0.96	2.3	19	32081	41½	40⅝	41	-1¼
18⅞	12	AbitibiPr	0.40	2.7	7	2399	14⅞	14⅛	14¾	+⅛
31	21	ABM Ind	0.70	2.3	16	33	30⅞	30¾	30⅞	
17½	13⅛	Accptncein			52	253	14⅞	14½	14⅝	
50⅛	21⅞	ACE Ltd	0.56	1.3	10	1755	44⅛	43¼	44⅛	+⅛
9⅞	8⅛	ACM Gvt In x	0.90	9.4	8	588	9⅝	9½	9⅝	+⅛
7⅞	6½	ACM GvOpp x	0.68	9.3		60	7¼	7⅛	7⅛	-⅛
7½	5¾	ACM Gvt Sp x	0.75	11.1		120	6⅞	6¾	6¾	
9½	7¼	ACM Gvt Se x	0.90	10.4		454	8¾	8⅝	8⅝	
9½	7⅝	ACM Man x	0.90	9.8		311	9⅛	9¼	9⅜	
31¼	10¼	AcmeClv	0.52	1.7	7	1413	30⅝	30⅜	30⅜	-¼
30¾	9⅛	Acme Elect			53	15	8½	8⅜	8⅜	-⅛
34½	23¾	Acordia	0.72	2.4	16	124	30¼	29	66	+⅞
16¾	10⅛	Acuson			45	465	14⅛	14½	14½	
10⅝	15⅜	Adams Expr	0.30	1.9	0	68	19⅛	19	19⅛	+¼
38⅞	18⅛	AdvMic			0	9142	17⅞	17⅜	17¾	+⅜
16¼	5	Advest Grp	0.18	1.7	8	73	9⅝	9½	9⅝	+¼

[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

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- J -

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- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

Continued on next page

4 pm close March 15

NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

NASDAQ NATIONAL MARKET

4 pm close March 15

[illegible]

AMEX COMPOSITE PRICES

4 pm close March 15

[illegible]

FT GUIDE TO THE WEEK

MONDAY 18

Italy election fight opens

The campaign for Italy's general elections formally opens with the deadline for the submission of the parties' lists of candidates. The completion of the lists for the April 21 elections signals the start of what promises to be a dirty and close-fought campaign – with the odds slightly on the centre-left alliance dominated by the Party of the Democratic Left. There are two separate lists. One covers the 75 per cent of seats allocated by a first-past-the-post system and the other is for the remaining 25 per cent alloted through proportional representation. The lists' compilation has been delayed by squabbling among the smaller parties in the two broad alliances over their respective shares of safe and unsafe seats.

Brittan reassures Canada

Sir Leon Brittan, the European Union trade commissioner, visits Canada. He wants to rebuild bilateral trade relations after last year's turbot war and to reassure Canada that it is not being neglected in favour of the US-EU partnership.

UN human rights session

The United Nations Human Rights Commission begins its 1996 annual session in Geneva (to Apr 26), during which it will examine executions, torture, arbitrary detentions and other human rights violations. Burundi, Cuba, China, Iraq and the countries of former Yugoslavia are expected to be high on the agenda, as well as Indonesia's occupation of East Timor and Russia's military intervention in Chechnya. Amnesty International has accused the 53-member commission of losing its credibility by failing to condemn China, Colombia, Indonesia, Nigeria and Turkey.

Bowls

World championships, Adelaide, Australia (to Mar 31).

Public holidays

Aruba, Ireland, Montserrat.

TUESDAY 19

FT prints in Hong Kong

The Financial Times starts daily printing in Hong Kong, its eighth overseas print centre.

EU extradition dispute

The row between Spain and Belgium over the latter's refusal to extradite two suspected Eta terrorists will be at the forefront of a meeting of EU justice and home affairs ministers in Brussels. Experts from EU governments hope to agree that no judiciary should be allowed to turn down another member state's request for the extradition of someone who is charged with terrorist crimes. Other issues on the agenda include Europol, the pan-European police agency, and the external borders convention.

Street vendors watch a market that was set ablaze in Grbavica, Sarajevo's last Serb-held suburb which is being returned to Croat-Moslem control on Tuesday

Nato aspirants in Prague

Foreign ministers of Albania, Bulgaria, Estonia, Latvia, Lithuania, Hungary, Macedonia, Poland, Romania, Slovenia, the Czech Republic and Slovakia meet Warren Christopher, the US secretary of state, during his visit to the Czech Republic (to Mar 21). The gathering is to discuss the countries' wish to join Nato.

Serbs hand over Grbavica

Grbavica, the last of five Serb-held suburbs of Sarajevo, is to be handed over to Moslem-Croat control. International efforts have failed to stop the exodus of tens of thousands of Serbs from the region, dealing a blow to the Dayton peace accord and hopes of a multi-ethnic Bosnia.

Asia-Pacific security talks

Military strategists from south-east Asia and elsewhere attend a conference on security near Bangkok (to Mar 22). The Thai defence ministry is hosting the meeting, which is expected to attract military experts from all the bigger members of the Association of South East Asian Nations. Strategists from Pakistan, India and Britain have also been invited. Observers at the meeting, in Nakon Pathom, will note how delegates skirt around China's military potential – the dominant but usually unspoken strategic issue in the region.

FT Survey

Hong Kong.

Public holidays

Costa Rica, Liechtenstein, Malta, Nepal, Iran, Vatican City, Venezuela.

WEDNESDAY 20

Free-trade zone in Americas

Trade ministers from 34 countries meet in Cartagena, Colombia, to discuss progress towards the creation of a free-trade area of the Americas (to Mar 21). However, enthusiasm appears to have cooled since the 1994 Miami summit of the Americas, when political leaders agreed to negotiate a free-trade area stretching from Alaska to Tierra del Fuego by 2005.

The meeting is being preceded by an Americas business forum, which is expected to attract up to 1,000 delegates. The forum aims to propose strategies for drawing on the cross-border business experience of the private sector in the creation of the free-trade zone.

La langue française

A week of activities celebrating the French language culminates when Philippe Douste-Blazy, the minister of culture, announces a series of measures to fortify *la langue francaise*. Other events include radio and television broadcasts, exhibitions, open days, awards and competitions.

Two electronic directories of the information available in French on the Internet will also be launched.

Public holidays

Iran, Japan, Mauritius, Tunisia.

THURSDAY 21

UK parliament vote on EU

The House of Commons will debate the UK government's recent white paper on its approach to the EU's forthcoming intergovernmental conference. The Labour party is likely to vote against the paper and the Conservatives could be embarrassed if large numbers of Tory MPs abstain.

Saleroom

The largest group of paintings by Gwen John and her brother, Augustus, to appear on the market for 30 years comes under the hammer at Christie's in London. In his day, the first half of the 20th century, Augustus John was one of the most celebrated – and notorious – of British artists. His reputation has flagged in comparison with the interest in his reclusive sister. It is a Gwen John portrait which, at up to £80,000, commands the highest estimate of the 28 works.

Golf

Portugese Open (to Mar 24).

FT Surveys

Danish Banking and Finance; UK Telecoms Market.

Public holidays

Afghanistan, Azerbaijan Republic, Indonesia, Iran, Iraq, Mexico, Namibia, Nepal, South Africa, Syria, Tunisia.

FRIDAY 22

Christopher in Moscow

Warren Christopher, the US secretary of state, arrives in Moscow for a two-day visit. Mr Christopher will meet Yevgeny Primakov, the foreign minister, and other Russian leaders. Among the topics likely to be discussed are next month's nuclear summit in Moscow and a territorial dispute between Armenia and Azerbaijan.

Comet Hyakutake near earth

About 15,000 years after its last visit, Comet Hyakutake becomes its most visible as it heads towards the polar star. A mere 10m miles from earth, these lumps of ice, dust and rock that may be remnants of the early solar system were only discovered in January. Astronomers hope for a large, radiant blob with a long and ghostly tail.

IADB in Buenos Aires

Latin America's biggest financial get together, the annual meeting of the InterAmerican Development Bank, starts in Buenos Aires (to Mar 27). Bankers and finance officials will use the formal gathering to assess how well the region is recovering from the financial crisis in Mexico. High on the list of concerns will be how to tackle domestic banking crises.

Mastering Management

The FT's 20-part series concludes in the UK edition with the future of general management. A full list of articles which have appeared, plus a 50-question quiz, will feature in an extra issue on March 29. Mastering Management will continue as part of a new weekly two-page section in the main paper from April 12.

Public holidays

Iran, Kazakhstan, Puerto Rico.

SATURDAY 23

Taiwan election under fire

Taiwan holds its first democratic presidential election, capping nearly a decade of reforms turning the island from a military dictatorship into a multi-party democracy. China fears the election may precede a declaration of independence. To try to frighten the Taiwanese into voting against the president, Lee Teng-hui, who is expected to be returned for another four years, China has fired missiles close to Taiwan's two biggest ports. However, opinion polls suggest the Taiwanese are rallying behind Mr Lee.

Athletics

World cross-country championships, Cape Town, South Africa.

Horse racing

The first big event of the English flat-racing season, the Lincoln handicap, at Doncaster.

Public holidays

Iran, Pakistan.

SUNDAY 24

Japanese by-election

Voting takes place in Japan for a House of Councillors by-election in the Gifu prefecture. In what is the first parliamentary by-election since the government of Ryutaro Hashimoto took office in January, the Liberal Democratic party is expected to retain this traditional LDP stronghold. However, its majority may diminish because of public disgust over the deadlocked plan to spend Y685bn (£4.3bn) of public money on liquidating bankrupt housing loan companies.

UK mission to Pakistan

Delegates from 65 companies arrive in Islamabad for the largest ever British trade and investment mission to Pakistan (to Mar 29). The mission is being led by Lord Fraser, the industry minister. The delegates represent the main sectors, including power, oil, gas, water, financial services, roads and education. Lady Thatcher, the former prime minister, is visiting Pakistan separately for an Asian leadership seminar (to Mar 28).

Ulster trade visit to Japan

Eighteen companies from Northern Ireland arrive in Tokyo for the province's biggest business delegation to Japan. The mission, led by Baroness Denton, the economy minister for Northern Ireland, will explore trade, joint venture and technology transfer opportunities.

German regional ballots

Voters present a mid-term verdict on the German chancellor, Helmut Kohl, in Baden-Württemberg, Rhineland-Palatinate and Schleswig-Holstein. Unemployment has dominated the campaigns. It is crucial for Mr Kohl that the Free Democrats scrape back into the regional parliaments.

Iraq parliamentary elections

Iraqis grit their teeth for more Baghdad-style democracy with parliamentary elections, less than five months after a referendum gave President Saddam Hussein the support of 99.96 per cent of the electorate. About 700 candidates, mostly from the ruling Ba'ath Party, will stand for 220 seats as part of an attempt by the regime to be seen to seek a broader political base.

Public holidays

Iran.

Compiled by Simon Strong.
Fax: (+44) (0)171 873 3194.

ECONOMIC DIARY

Other economic news

Monday: The UK's public sector borrowing requirement is expected to show that the government borrowed about £3.3bn last month after a repayment in January. Capacity utilisation in Sweden is thought to have declined in the fourth quarter of last year.

Tuesday: Japan's GDP is expected to have grown in the fourth quarter of last year. The annual rate of Italian producer price inflation is expected to have fallen between December and January.

Wednesday: Figures on UK retail sales are expected to show a rebound in activity last month after a fall in sales between December and January. The annual growth rate of the UK's M4 money supply is thought to have exceeded the government's monitoring range again last month.

Thursday: Economists think the annual rate of UK retail price inflation fell again last month on both the headline and underlying measures.

Friday: The Confederation of British Industry's monthly trends survey will give the latest indication of the health of UK manufacturing industry. Finland's GDP growth is expected to have slowed in the fourth quarter of last year.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	Japan	Feb Tokyo dept store sales**	-	3.6%
Mar 18	Japan	Mar wh'sale price indx (1st 10 days)	-	-0.2%
	Japan	Feb money supply (M2+CD)**	3.1%	3.1%
	Japan	Feb broad liquidity**	-	4.0%
	UK	Feb public spending borrowing req	£3.3bn	-£3.7bn
Tues	US	Feb housing starts	1.40m	1.45m
Mar 19	US	Feb housing permits	-	1.37m
	US	Johnson Redbook w/e Mar 16	-	N/A
	Japan	4th qtr gross domestic product†	0.5%	0.6%
	France	Dec current a/c†	FFr7.0bn	FFr11.5bn
	Italy	Jan producer price indx*	5.9%	6.5%
	Italy	Jan wholesale price indx**	8.9%	10.1%
	Canada	Feb dept store sales**	4.5%	4.7%
Wed	US	Feb retail sales	0.9%	-0.3%
Mar 20	US	Ditto ex-automobiles	0.6%	unch
	UK	Feb M4*	0.5%	1.4%
	UK	Feb M4**	10.5%	10.7%
	UK	Feb M4 lending**	£5.8bn	£9.8bn
	UK	Feb bdg scty net new commit'mts*	£2.9bn	£2.4bn
	UK	Feb retail sales*	0.6%	-0.6%
	UK	Feb retail sales**	1.9%	2.3%
	Denmark	Feb consumer price indx*	0.4%	-0.1%
	Sweden	Jan retail sales**	-1.0%	-3.0%
	Sweden	Jan industrial production**	-	4.3%
	Canada	Jan retail sales*†	-	0.1%
Thur	US	Jan business inventories	0.6%	-0.2% (rev)
Mar 21	US	Mar Philadelphia Fed indx	-	3.8
	US	Feb Treasury budget	-$45.0bn	$19.3bn
	US	M2 w/e Mar 11	-$5.1bn	$21.2bn
	US	Initial claims w/e Mar 16	390,000	353,000
	US	State benefits w/e Mar 9	-	2.66m
	UK	Feb retail price indx*	0.4%	-0.3%
	UK	Feb retail price indx**	2.7%	2.9%
	UK	Ditto ex-mortgage int'st payments**	2.7%	2.7%
Fri	Finland	4th qtr gross domestic product**	2.2%	2.7%
Mar 22	Mexico	Mar 2-week consumer price indx*	-	1.22%
During the week...				
	Germany	Feb Ifo business climate, West	-	92.6
	Germany	Feb producer price indx, West*	0.1%	-0.7%
	Germany	Feb producer price indx, West**	-0.2%	-0.1%
	Germany	Feb prod'r price ind, pan-Germany*	0.1%	-0.7%
	Germany	Feb prod'r price ind, pan-Germany**	-0.2%	0.0%
	Germany	Feb M3 from 4th qtr '95 base	7.5%	8.4%
	Germany	Feb M3 from 4th qtr '94 base	3.2%	3.0%
	Germany	Feb private lending (6m ann)	7.1%	7.3%
	Germany	Feb final cost of living, West*	-	0.1%
	Germany	Feb final cost of living, West**	-	1.4%
	Germany	Feb fnl cost of living, pan-Germany*	-	0.1%
	Germany	Feb fnl cost of living, pan-Germany**	-	1.5%

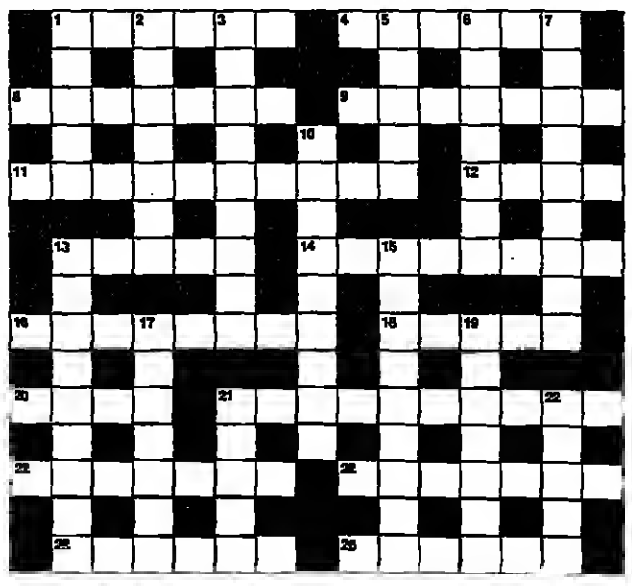
*month on month, **year on year, †seasonally adjusted. *Statistics, courtesy MMS International.*

ACROSS

1 Copper-coloured gold stream (6)
4 A striker is a means of defence in the field (6)
8 Left one firm to make a covered walk (7)
9 Commonplace for gunners to take pistol when retiring (7)
11 This just shows the measure of the Air Force, you say? (10)
12 Feature of perpendicular churches (4)
13 French leave? (5)
14 Tips given to batters (8)
16 On which may be found canvasser with a heavy round (8)
18 Heats excessively (not using recipe) in kilns (5)
20 Wine used in toasting (4)
21 Accusation made by a live diplomatic mission (10)
23 Under the sea, we hear, it produces a hissing sound (7)
24 Piece of camphorated oil-jar (7)
25 Body-stocking unyielding before opening of Swan Lake? (6)
26 Particular points of view from recesses (6)

DOWN

1 Deck for a party given by fleet? (5)
2 Pitch of the roof (7)
3 University doctor in new centre is lying (9)
5 Indistinct lines around meadow (5)
6 Large sea wave injuring many in Austin? That can't be right! (7)
7 Those in quest for Home Counties bowmen? (9)
10 Big store in standard building (9)
13 Lookout! It has high tars in it! (5-4)
15 His is the local course around midday (9)
17 Attacking fence? (7)
19 The case for the comprehensives? (7)
21 Set aside part of the National Lottery (5)
22 Such a folk-dancer has head broken off plant (5)



MONDAY PRIZE CROSSWORD

No.9,021 Set by DINMUTZ

A prize of a Pelikan New Classic 380 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday March 28, marked Monday Crossword 9,021 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday April 1. Please allow 28 days for delivery of prizes.

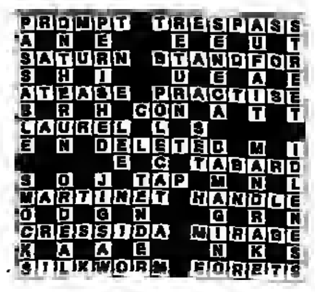
Name..........

Address..........

Winners 9,009

N. Heathorn, London SW5
C.E. Bushnell, Lancaster, Pennsylvania, USA
P. Copple, Southport, Lancashire
B.G. Downer, Hamworthy, Dorset
P. Fox, Sheffield
J. Lyle, Puisserguier, France

Solution 9,009



JOTTER PAD